

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF MONTCLAIR**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

Township of Montclair School District

Montclair, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

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

Finance Department

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INTRODUCTORY SECTION



MONTCLAIR PUBLIC SCHOOLS

BUSINESS OFFICE

22 VALLEY ROAD ~ MONTCLAIR, NEW JERSEY 07042

WWW.MONTCLAIR.K12.NJ.US

November 9, 2016

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Montclair School District (the "District") for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre K through 12. The educational services provided include regular and vocational programs as well as special education for handicapped children. The District completed the 2015-2016 fiscal year with an enrollment of 6,695 students, which is an increase of 10 students from the previous year's enrollment.

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

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

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

3) MAJOR INITIATIVES: In 2015-16 the District implemented specific and targeted initiatives developed to address the learning gap in Montclair. These included but were not limited to: (1) establishing a tutorial program in each building with after-school busing provided, (2) working with community partners on coordinating and developing programs for our most needy students, (3) implementing Renaissance Learning, an assessment tool, to assist teachers in evaluating and making decisions in the classrooms to adjust instruction for the benefit of diverse learners, (4) reviewing the magnet system to ensure that the magnets supported academic programs and did not drive them, (5) implementing a major STEM initiative that resulted in STEM being taught in every building K – 12, (6) redesigning K-5 ELA curriculum to provide equity, professional development, and resources across all seven elementary schools, (7) realigning Math curriculum to allow for improved articulation across grade levels and equity throughout all schools including professional development in AVID, a program for supporting minority achievement and advancement into higher level math course, and (8) organizing and implementing undoing racism work exposing over 300 staff members to training in the reality of racism and how it affects students, families, colleagues, and all relationships to move the district forward in encouraging high expectations for all learners and develop tools for equity in the classroom.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2016.

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

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

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

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

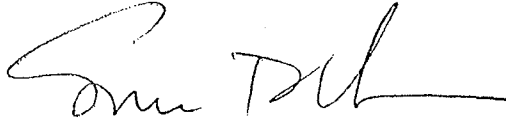
The Honorable President and Members of
the Board of Education
Montclair School District
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November 9, 2016

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

Respectfully submitted,



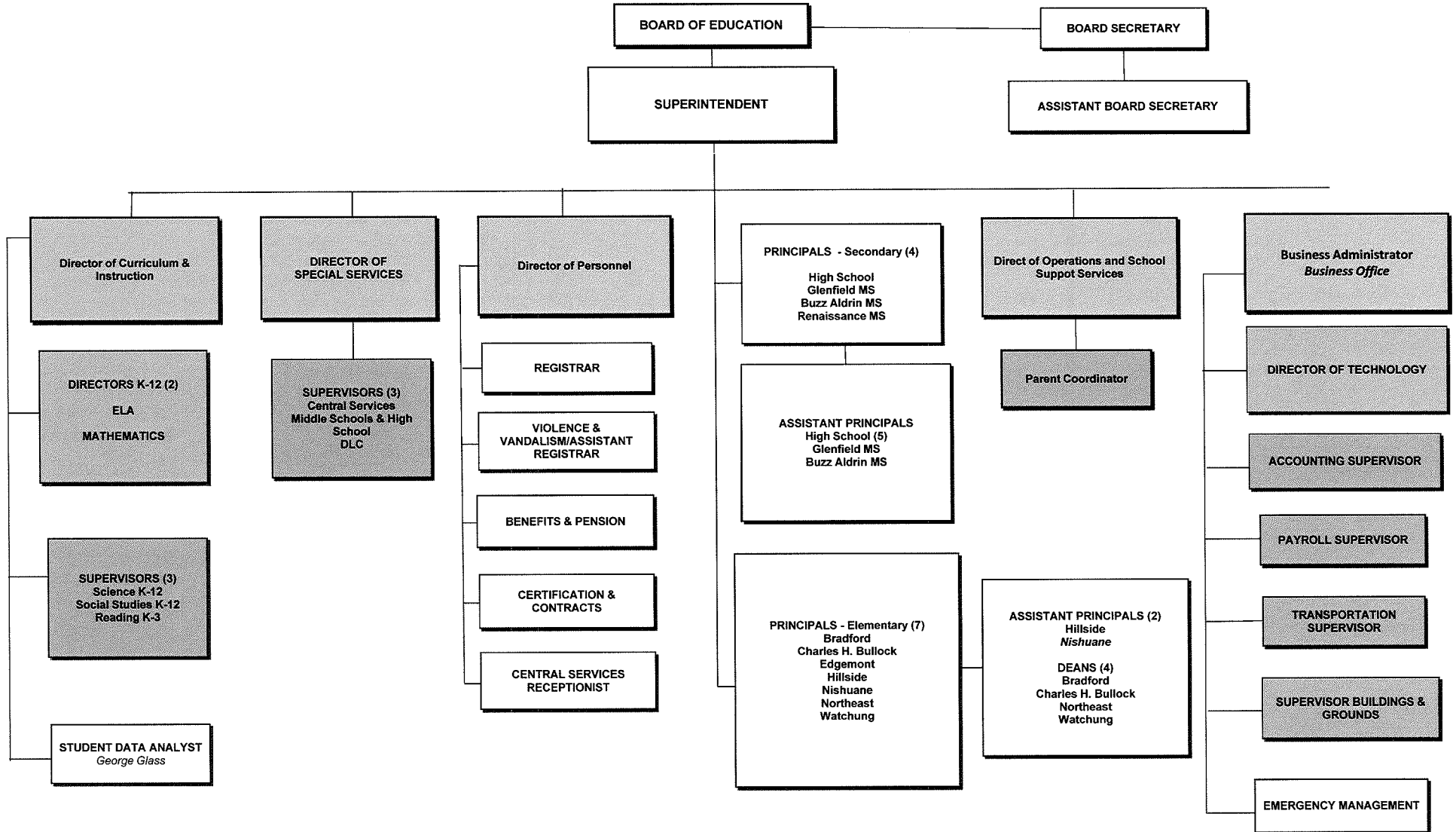
Ronald Bolandi
Superintendent (Interim)



J. Steven DiGeronimo
School Business Administrator/Board Secretary (Interim)



**MONTCLAIR BOARD OF EDUCATION
TABLE OF ORGANIZATION
2015-2016**



**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jessica de Koninck, President	2017
Anne Mernin, Vice President	2017
Jevon Caldwell-Gross	2019
Laura Hertzog	2018
Joseph Kavesh	2019
Eve Robinson	2018
Franklin Turner	2019

<u>Other Officers</u>	<u>Title</u>
Ronald Bolandi	Superintendent of Schools (Interim)
Brian Fleischer	School Business Administrator/Board Secretary (to 09/16/2016)
Michael Zazzarino	Treasurer of School Monies

MONTCLAIR TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors

Architect

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

Attorney

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

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

Audit Firm

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

Official Depositories

Valley National Bank
1460 Valley Road
Wayne, New Jersey 07470

Investors Savings Bank
505 Bloomfield Avenue
Montclair, New Jersey 07042

TD Bank
233 Bloomfield Avenue
Montclair, New Jersey 07042

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

Bank of America
605 Valley Road
Montclair, New Jersey 07042

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montclair Township School District (the "District"), a component unit of the Township of Montclair, in the County of Essex, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Montclair Township School District, in the County of Essex, as of June 30, 2016, 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, which follows this report, the pension schedules in Exhibits L-1 through L-6 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members
of the Board of Education
Montclair Township School District
Page 3

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

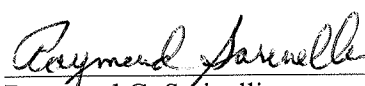
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 9, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

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

Management Discussion and Analysis For the Fiscal Year Ended June 30, 2016 (Unaudited)

This section of the Montclair Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- Total net position has decreased by \$1,435,445 or 4.04%.
- Overall revenue was \$149,429,874.
- Overall expenditures were \$150,865,319.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of Montclair Township School District's Financial Report

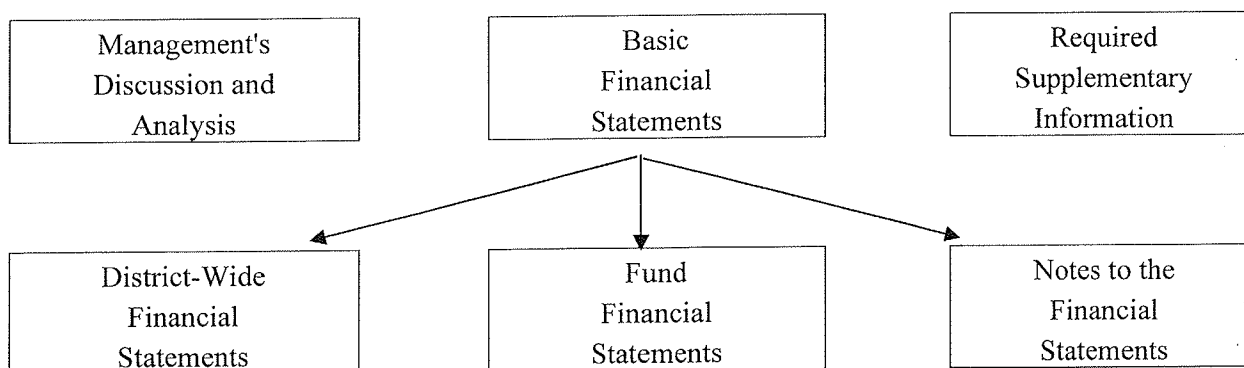


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

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

Financial Analysis of the District as a Whole

Net Position. The District's *combined* net position was \$34,132,578 on June 30, 2016, \$1,435,445 or 4.04% less than it was the fiscal year before. (See Figure A-3).

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	
Current and Other Assets	\$ 9,623,722	\$ 9,646,718	\$ 646,784	\$496,578	\$10,270,506	\$10,143,296	1.25%
Capital Assets, Net	69,615,373	68,489,358	281,029	261,002	69,896,402	68,750,360	1.67%
Total Assets	79,239,095	78,136,076	927,813	757,580	80,166,908	78,893,656	1.61%
Deferred Outflows of Resources	8,199,647	1,249,501			8,199,647	1,249,501	556.23%
Other Liabilities	6,832,927	3,969,546	413,853	148,572	7,246,780	4,118,118	75.97%
Long-Term Liabilities	46,310,658	38,410,151			46,310,658	38,410,151	20.57%
Total Liabilities	53,143,585	42,379,697	413,853	148,572	53,557,438	42,528,269	25.93%
Deferred Inflows of Resources	676,539	2,046,865			676,539	2,046,865	-66.95%
Net Position:							
Net Investment in Capital Assets	69,244,827	68,237,797	281,029	261,002	69,525,856	68,498,799	1.50%
Restricted	2,037,351	2,077,874			2,037,351	2,077,874	-1.95%
Unrestricted/(Deficit)	(37,663,560)	(35,356,656)	232,931	348,006	(37,430,629)	(35,008,650)	-6.92%
Total Net Position	\$33,618,618	\$34,959,015	\$ 513,960	\$609,008	\$34,132,578	\$35,568,023	-4.04%

Changes in Net Position. The District's *combined* net position decreased \$1,435,445 or 4.04%. Net position from governmental activities decreased by \$1,340,397 and net position from business-type activities decreased by \$95,048. Net investment in capital assets increased \$1,027,057 or 1.50% due to increases in capital assets offset by a net increase in capital leases and current fiscal year depreciation. Restricted net position decreased \$40,523 or 1.95% as a result of a \$7,981 net decrease in capital reserve and a \$32,542 decrease in restricted capital projects fund balance. Unrestricted net position decreased by \$2,421,979 or 6.92%.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	
Revenue:							
Program Revenue:							
Charges for Services	\$ 41,743	\$ 166,802	\$ 622,650	\$ 673,580	\$ 664,393	\$ 840,382	-20.94%
Grants and Contributions:							
Operating	38,048,010	32,701,958	547,337	583,235	38,595,347	33,285,193	15.95%
Capital	2,017,080	1,731,544			2,017,080	1,731,544	16.49%
General Revenue:							
Property Taxes	105,704,008	101,492,086			105,704,008	101,492,086	4.15%
Unrestricted Federal and State Aid	1,510,302	1,477,037			1,510,302	1,477,037	2.25%
Other	846,176	2,175,768	92,568	131,185	938,744	2,306,953	-59.31%
Total Revenue	<u>148,167,319</u>	<u>139,745,195</u>	<u>1,262,555</u>	<u>1,388,000</u>	<u>149,429,874</u>	<u>141,133,195</u>	5.88%
Expenses:							
Instruction	80,188,479	77,041,512			80,188,479	77,041,512	4.08%
Pupil and Instruction Services	39,017,835	35,511,328			39,017,835	35,511,328	9.87%
Administrative and Business	12,791,432	12,321,552			12,791,432	12,321,552	3.81%
Maintenance and Operations	10,270,734	9,855,524			10,270,734	9,855,524	4.21%
Transportation	4,850,939	4,762,678			4,850,939	4,762,678	1.85%
Special Schools		156,178				156,178	-100.00%
Other	2,388,297	2,533,228	1,357,603	1,312,156	3,745,900	3,845,384	-2.59%
Total Expenses	<u>149,507,716</u>	<u>142,182,000</u>	<u>1,357,603</u>	<u>1,312,156</u>	<u>150,865,319</u>	<u>143,494,156</u>	5.14%
Increase/(Decrease) in Net Position	<u>\$ (1,340,397)</u>	<u>\$ (2,436,805)</u>	<u>\$ (95,048)</u>	<u>\$ 75,844</u>	<u>\$ (1,435,445)</u>	<u>\$ (2,360,961)</u>	39.20%

Revenue Sources. The District's total revenue for the 2015-2016 school year was \$149,429,874. (See Figure A-4). Property taxes accounted for most of the District's revenue with local taxes accounting for \$105,704,008 of the total, or 70.74% (See Figure A-5). Another 28.19% came from state formula aid and federal and state categorical grants and the remainder from charges for services and other miscellaneous sources. The Montclair Township School District basically conducts its operations from the revenues it receives from its local taxpayers.

**Figure A-5
Sources of School District Revenue - Fiscal Year 2016**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 6,740,736	4.51%
Property Taxes	105,704,008	70.74%
Federal and State Categorical Grants	35,381,993	23.68%
Charges for Services	664,393	0.44%
Other	938,744	0.63%
	<u>\$ 149,429,874</u>	<u>100.00%</u>

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

The total cost of all programs and services was \$150,865,319. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (82.23 percent) (See Figure A-6). The District's administrative and business activities accounted for 8.48%. The Montclair Township School District operates 12 schools and an administration building which results in maintenance costs of 6.81 percent.

**Figure A-6
Sources of School District Expenses - Fiscal Year 2016**

Expense Category:	Amount	Percentage
Instruction	\$ 80,188,479	53.15%
Pupil and Instruction Services	39,017,835	25.86%
Administrative and Business	12,791,432	8.48%
Maintenance and Operations	10,270,734	6.81%
Transportation	4,850,939	3.22%
Other	3,745,900	2.48%
	<u>\$ 150,865,319</u>	<u>100.00%</u>

Governmental Activities

Net position from the District's governmental activities decreased by \$1,340,397 in 2015-2016. A majority of all revenue for the Montclair Township School District is collected through property taxes. Each fiscal year, the District must seek Board of School Estimate approval for its operations. Property taxes made up 70.74% of revenues for governmental activities.

Figure A-7 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, special schools and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-7
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2015/2016	2014/2015	2015/2016	2014/2015
Instruction	\$ 80,188,479	\$ 77,041,512	\$ 56,453,865	\$ 55,486,834
Pupil and Instruction Services	39,017,835	35,511,328	29,898,814	28,838,334
Administrative and Business	12,791,432	12,321,552	10,335,593	10,275,776
Maintenance and Operations	10,270,734	9,855,524	6,782,322	6,929,406
Transportation	4,850,939	4,762,678	3,541,992	3,470,659
Special Schools		156,178		47,459
Other	2,388,297	2,533,228	2,388,297	2,533,228
	<u>\$ 149,507,716</u>	<u>\$ 142,182,000</u>	<u>\$ 109,400,883</u>	<u>\$ 107,581,696</u>

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Business-Type Activities

- Net position from the District's business-type activity decreased \$95,048. (Refer to Figure A-4).

General Fund Budgetary Highlights

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

Capital Asset and Long Term Liabilities Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	
Land	\$ 5,187,355	\$ 5,187,355			\$ 5,187,355	\$ 5,187,355	0.00%
Site Improvements	2,778,188	2,983,266			2,778,188	2,983,266	-6.87%
Buildings and Building Improvements	60,099,186	58,765,814			60,099,186	58,765,814	2.27%
Machinery and Equipment	1,550,644	1,552,923	\$ 281,029	\$ 261,002	1,831,673	1,813,925	0.98%
Total Capital Assets, Net	\$69,615,373	\$68,489,358	\$ 281,029	\$ 261,002	\$69,896,402	\$68,750,360	1.67%

The District's capital assets increased by \$1,146,042. Capital acquisitions were \$3,717,169 and were offset by total depreciation of \$2,571,127.

Long-Term Liabilities

At fiscal year-end, the District had \$2,947,796 in Compensated Absences Payable outstanding – an increase of \$59,170 from the prior fiscal year (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

**Figure A-9
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2015/2016	2014/2015	
Compensated Absences Payable	\$ 2,947,796	\$ 2,888,626	2.05%
Net Pension Liability	42,992,316	35,269,964	21.89%
Capital Leases Payable	370,546	251,561	47.30%
	\$ 46,310,658	\$ 38,410,151	20.57%

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

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

The Audit for Fiscal Year 2016 reflects a strong financial position for the Montclair School District, which is supporting the current fiscal year (2016-2017) budget through limited use of fund balance and an increased tax levy base. Prior year contributions to the Capital Reserve account, as well as new capital projects financed with bond ordinances approved by the Board of School Estimate for issuance by the Township, are being utilized in the current year to protect the District's infrastructure and support the District's technology needs.

As the District prepares for the development of the 2017-2018 budget it will face the ongoing challenges of the State mandated 2% Cap on the Tax Levy while recurring expenses in the areas of special education costs, utilities and employee health benefits are expected to increase in excess of the cap. As the District's fund balance has returned to a level more consistent with previous norms for the District, following an historic spike in June 2011 and 2012 and four years of negative or flat tax levy, the ability to generate consistent revenue to cover annual expenses will continue to require a creative approach to budgeting for the foreseeable future.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

1 of 2

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 5,867,671	\$ 470,247	\$ 6,337,918
Receivables from Other Governments	2,383,983	94,272	2,478,255
Accounts Receivable - Other	629,249	47,837	677,086
Student Accounts Receivable		14,900	14,900
Interfund Receivable	1,000		1,000
Inventory		19,528	19,528
Restricted Cash and Cash Equivalents	741,819		741,819
Capital Assets:			
Sites (Land)	5,187,355		5,187,355
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	64,428,018	281,029	64,709,047
Total Assets	79,239,095	927,813	80,166,908
DEFERRED OUTFLOWS OF RESOURCES:			
Changes in Assumptions - Pensions	4,518,878		4,518,878
Changes in Proportion - Pensions	749,903		749,903
Difference Between Expected and Actual Experience - Pensions	1,003,841		1,003,841
Investment Losses - Pensions	204,808		204,808
District Contribution Subsequent to the Measurement Date - Pensions	1,722,217		1,722,217
Total Deferred Outflows of Resources	8,199,647		8,199,647
LIABILITIES:			
Accounts Payable	4,721,691	218,295	4,939,986
Accrued Liability for Health Benefit Claims	1,570,388		1,570,388
Unearned Revenue	481,075	195,558	676,633
Payable to Federal Government	8,631		8,631
Payable to State Government	51,142		51,142
Noncurrent Liabilities:			
Due Within One Year	151,209		151,209
Due Beyond One Year	46,159,449		46,159,449
Total Liabilities	53,143,585	413,853	53,557,438

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES:			
Investment Gains - Pensions	\$ 676,539		\$ 676,539
Total Deferred Inflows of Resources	<u>676,539</u>		<u>676,539</u>
NET POSITION:			
Net Investment in Capital Assets	69,244,827	\$ 281,029	69,525,856
Restricted for:			
Capital Projects	24,261		24,261
Capital Reserve	491,819		491,819
Maintenance Reserve	250,000		250,000
Excess Surplus	1,271,271		1,271,271
Unrestricted/(Deficit)	<u>(37,663,560)</u>	<u>232,931</u>	<u>(37,430,629)</u>
Total Net Position	<u>\$ 33,618,618</u>	<u>\$ 513,960</u>	<u>\$ 34,132,578</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 59,526,497		\$ 13,572,900		\$ (45,953,597)		\$ (45,953,597)
Special Education	15,619,647		9,144,614		(6,475,033)		(6,475,033)
Other Special Instruction	3,020,620		627,829		(2,392,791)		(2,392,791)
School Sponsored Instruction	2,021,715		389,271		(1,632,444)		(1,632,444)
Support Services:							
Tuition	5,121,501	\$ 41,743	977,624		(4,102,134)		(4,102,134)
Student & Instruction Related Services	33,896,334		8,099,654		(25,796,680)		(25,796,680)
General Administrative Services	2,203,262		126,528		(2,076,734)		(2,076,734)
School Administrative Services	7,362,141		1,693,961		(5,668,180)		(5,668,180)
Central Services	2,013,448		432,885		(1,580,563)		(1,580,563)
Administrative Information Technology	1,212,581		202,465		(1,010,116)		(1,010,116)
Plant Operations and Maintenance	10,270,734		1,471,332	\$ 2,017,080	(6,782,322)		(6,782,322)
Pupil Transportation	4,850,939		1,308,947		(3,541,992)		(3,541,992)
Charter Schools	10,448				(10,448)		(10,448)
Unallocated Depreciation	2,377,849				(2,377,849)		(2,377,849)
Total Governmental Activities	149,507,716	41,743	38,048,010	2,017,080	(109,400,883)		(109,400,883)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,269,749	\$ 556,400	\$ 547,337		\$ (166,012)	\$ (166,012)	
Special Programs	87,854	66,250			(21,604)	(21,604)	
Total Business-Type Activities	1,357,603	622,650	547,337		(187,616)	(187,616)	
Total Primary Government	\$ 150,865,319	\$ 664,393	\$ 38,595,347	\$ 2,017,080	\$ (109,400,883)	\$ (187,616)	\$ (109,588,499)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					105,704,008		105,704,008
Federal and State Aid Not Restricted					1,510,302		1,510,302
Investment Earnings					43,411	247	43,658
Miscellaneous Income					895,086		895,086
Special Items:							
Capital Assets - Board Contribution					(41,733)	41,733	
Transfers					(50,588)	50,588	
Total General Revenues, Special Items & Transfers					108,060,486	92,568	108,153,054
Change in Net Position					(1,340,397)	(95,048)	(1,435,445)
Net Position - Beginning					34,959,015	609,008	35,568,023
Net Position - Ending					\$ 33,618,618	\$ 513,960	\$ 34,132,578

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

FUND FINANCIAL STATEMENTS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 5,833,702		\$ 33,969	\$ 5,867,671
Interfund Receivable	1,099,389			1,099,389
Receivables From Federal Government	22,778	\$ 1,541,205		1,563,983
Receivables From State Government	818,200	1,800		820,000
Accounts Receivable - Other	629,249			629,249
Restricted Cash and Cash Equivalents	741,819			741,819
Total Assets	<u>\$ 9,145,137</u>	<u>\$ 1,543,005</u>	<u>\$ 33,969</u>	<u>\$ 10,722,111</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 2,897,011	\$ 98,477	\$ 3,986	\$ 2,999,474
Accrued Liability for Health Benefit Claims	1,570,388			1,570,388
Interfund Payable		903,680	194,709	1,098,389
Unearned Revenue		481,075		481,075
Payable to Federal Government		8,631		8,631
Payable to State Government		51,142		51,142
Total Liabilities	<u>4,467,399</u>	<u>1,543,005</u>	<u>198,695</u>	<u>6,209,099</u>
Fund Balances:				
Restricted:				
Capital Reserve	491,819			491,819
Maintenance Reserve	250,000			250,000
Excess Surplus	1,271,271			1,271,271
Capital Projects Fund				
Committed/(Deficit):				
Capital Projects Fund			24,261	24,261
Assigned:				
Year-End Encumbrances	989,770			989,770
Unassigned	1,674,878		(188,987)	1,485,891
Total Fund Balances/(Deficit)	<u>4,677,738</u>		<u>(164,726)</u>	<u>4,513,012</u>
Total Liabilities and Fund Balances	<u>\$ 9,145,137</u>	<u>\$ 1,543,005</u>	<u>\$ 33,969</u>	<u>\$ 10,722,111</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 \$100,090,069 and the accumulated depreciation is \$30,474,696.	69,615,373
Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,318,342)
The Net Pension Liabilities for PERS and Essex County Pension Fund is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(42,992,316)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	4,518,878
Changes in Proportion - Pensions	749,903
Difference Between Expected and Actual Experience - Pensions	1,003,841
Investment Losses - Pensions	204,808
Investment Gains - Pensions	(676,539)
Net Position of Governmental Activities	<u>\$ 33,618,618</u>

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

Exhibit B-2

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 105,704,008			\$ 105,704,008
Tuition from Individuals	41,743			41,743
Interest Earned on Capital Reserve Funds	2,978			2,978
Rents and Royalties	41,057			41,057
Miscellaneous	894,206	\$ 265,495	\$ 2,017,336	3,177,037
Total - Local Sources	106,683,992	265,495	2,017,336	108,966,823
State Sources	20,561,655	469,674		21,031,329
Federal Sources	119,678	2,618,173		2,737,851
Total Revenue	127,365,325	3,353,342	2,017,336	132,736,003
EXPENDITURES:				
Current:				
Regular Instruction	37,343,588	279,212		37,622,800
Special Education Instruction	9,127,361	1,031,533		10,158,894
Other Special Instruction	2,004,902			2,004,902
School Sponsored Instruction	1,391,942			1,391,942
Support Services and Undistributed Costs:				
Tuition	4,143,877	977,624		5,121,501
Student & Instruction Related Services	21,655,119	967,552		22,622,671
General Administration Services	1,990,035			1,990,035
School Administration Services	4,612,683			4,612,683
Central Services	1,310,991			1,310,991
Administration Information Technology	843,050			843,050
Plant Operations and Maintenance	7,803,481			7,803,481
Pupil Transportation	4,708,140			4,708,140
Unallocated Benefits	29,818,675			29,818,675
Capital Outlay	643,634	97,421	3,357,736	4,098,791
Charter School	10,448			10,448
Total Expenditures	127,407,926	3,353,342	3,357,736	134,119,004
(Deficiency) of Revenue (Under) Expenditures	(42,601)		(1,340,400)	(1,383,001)
OTHER FINANCING SOURCES/(USES):				
Capital Leases (Non-Budgeted)	269,429			269,429
Transfers In	256		10,959	11,215
Transfers Out	(61,547)		(256)	(61,803)
Total Other Financing Sources/(Uses)	208,138		10,703	218,841
Net Change in Fund Balances	165,537		(1,329,697)	(1,164,160)
Fund Balance—July 1	4,512,201		1,164,971	5,677,172
Fund Balance (Deficit)—June 30	\$ 4,677,738	\$ -0-	\$ (164,726)	\$ 4,513,012

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	(1,164,160)
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
This is the amount by which capital outlays differ from depreciation and disposals of assets.		
Depreciation expense	\$	(2,549,421)
Capital outlays		<u>3,675,436</u>
		1,126,015
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(59,170)
Capital Leases entered into by the district are other financing sources in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.		
		(269,429)
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.		
		150,444
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(7,722,352)
Deferred Outflows:		
Changes in Assumptions		3,438,839
Changes in Proportion		609,576
Difference Between Expected and Actual Experience		1,003,841
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		175,673
Deferred Inflows:		
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,370,326</u>
		<u>(1,124,097)</u>
Total Change in Net Position - Governmental Activities (Exhibit A-2)	\$	<u>(1,340,397)</u>

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

Exhibit B-4

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Business-Type</u> <u>Activities</u> <u>Enterprise Funds</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 138,467	\$ 331,780	\$ 470,247
Intergovernmental Accounts Receivable:			
State	1,972		1,972
Federal	92,300		92,300
Accounts Receivable:			
Other	47,837		47,837
Student Accounts	14,900		14,900
Inventories	19,528		19,528
Total Current Assets	<u>315,004</u>	<u>331,780</u>	<u>646,784</u>
Non-Current Assets:			
Capital Assets	864,319		864,319
Less: Accumulated Depreciation	<u>(583,290)</u>		<u>(583,290)</u>
Total Non-Current Assets	<u>281,029</u>		<u>281,029</u>
Total Assets	<u>596,033</u>	<u>331,780</u>	<u>927,813</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	65,563	129,995	195,558
Accounts Payable	<u>217,365</u>	<u>930</u>	<u>218,295</u>
Total Liabilities	<u>282,928</u>	<u>130,925</u>	<u>413,853</u>
NET POSITION:			
Investment in Capital Assets	281,029		281,029
Unrestricted	<u>32,076</u>	<u>200,855</u>	<u>232,931</u>
Total Net Position	<u>\$ 313,105</u>	<u>\$ 200,855</u>	<u>\$ 513,960</u>

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

Exhibit B-5

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Major Fund</u> <u>Food Service</u> <u>Program</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Business-Type</u> <u>Activities</u> <u>Enterprise Funds</u>
Operating Revenue:			
Local Sources:			
Daily Sales:			
Reimbursable Programs	\$ 321,781		\$ 321,781
Non-Reimbursable Programs	161,362		161,362
Total Daily Sales	483,143		483,143
Special Functions	73,257		73,257
Mentor Fees		\$ 66,250	66,250
Total Operating Revenue	556,400	66,250	622,650
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	439,066		439,066
Non-Reimbursable Programs	54,863		54,863
Total Cost of Sales	493,929		493,929
Salaries, Benefits & Payroll Taxes	509,361	78,250	587,611
Administrative Expenses	59,345	2,500	61,845
Supplies and Materials	103,257	7,104	110,361
Management Fee	79,649		79,649
Miscellaneous Expenses	2,502		2,502
Depreciation Expense	21,706		21,706
Total Operating Expenses	1,269,749	87,854	1,357,603
Operating (Loss)	(713,349)	(21,604)	(734,953)
Non-Operating Revenue:			
Local Sources:			
Interest Income	247		247
State Sources:			
State School Lunch Program	10,062		10,062
Federal Sources:			
School Breakfast Program	87,576		87,576
National School Lunch Program	369,722		369,722
Food Distribution Program	79,977		79,977
Total Non-Operating Revenue	547,584		547,584
Change in Net Position Before Transfer and Capital Contribution	(165,765)	(21,604)	(187,369)
Board Contribution	50,588		50,588
Capital Contribution - General Fund	41,733		41,733
Change in Net Position After Transfer and Capital Contribution	(73,444)	(21,604)	(95,048)
Net Position - Beginning of Year	386,549	222,459	609,008
Net Position - End of Year	\$ 313,105	\$ 200,855	\$ 513,960

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

Exhibit B-6

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Fund Food Service Program	Non-Major Funds	Total Business-Type Activities Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 531,323	\$ 196,245	\$ 727,568
Payments to Employees		(79,539)	(79,539)
Payments to Food Service Vendor	(991,596)		(991,596)
Payments to Suppliers	(53,055)	(8,674)	(61,729)
Net Cash Provided by/(Used for) Operating Activities	<u>(513,328)</u>	<u>108,032</u>	<u>(405,296)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	247		247
Net Cash Provided by Investing Activities	<u>247</u>		<u>247</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	467,915		467,915
Cash Received from Transfers - Board Contribution	50,588		50,588
Net Cash Provided by Noncapital Financing Activities	<u>518,503</u>		<u>518,503</u>
Net Increase in Cash and Cash Equivalents	5,422	108,032	113,454
Cash and Cash Equivalents, July 1	<u>133,045</u>	<u>223,748</u>	<u>356,793</u>
Cash and Cash Equivalents, June 30	<u>\$ 138,467</u>	<u>\$ 331,780</u>	<u>\$ 470,247</u>
Reconciliation of Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating (Loss)	\$ (713,349)	\$ (21,604)	\$ (734,953)
Adjustment to Reconcile Operating (Loss) to Net Cash Provided by/(Used) for Operating Activities:			
Depreciation	21,706		21,706
Food Distribution Program	79,977		79,977
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable	(33,154)		(33,154)
Decrease in Accounts Receivable - Students	189		189
Increase in Unearned Revenue	9,978	129,995	139,973
(Increase) in Inventory	(4,342)		(4,342)
Increase/(Decrease) in Accounts Payable	125,667	(359)	125,308
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (513,328)</u>	<u>\$ 108,032</u>	<u>\$ (405,296)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$82,067 and utilized \$79,977 for the fiscal year ended June 30, 2016.

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

Exhibit B-7

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Agency	Unemployment Compensation Trust
ASSETS:		
Cash and Cash Equivalents	\$ 510,383	\$ 497,659
Total Assets	510,383	497,659
LIABILITIES:		
Interfund Payable - General Fund	1,000	
Due to Student Groups	422,528	
Payroll Deductions and Withholdings	86,855	
Total Liabilities	510,383	
NET POSITION:		
Held in Trust for Unemployment Compensation Claims		497,659
Total Net Position	\$ -0-	\$ 497,659

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

Exhibit B-8

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unemployment Compensation Trust
Additions:	
Contributions:	
Employee Contributions	\$ 203,482
Total Contributions	203,482
Investment Earnings:	
Interest	929
Net Investment Earnings	929
Total Additions	204,411
Deductions	
Unemployment Compensation Claims	79,107
Transfers to Agency	99,973
Total Deductions	179,080
Change in Net Position	25,331
Net Position - Beginning of the Year	472,328
Net Position - End of the Year	\$ 497,659

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Accordingly, the Montclair Township School District is a component unit of the Township of Montclair under the provisions of Governmental Accounting Standards Board's Codification Section 2100. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include 8 elementary schools, 3 middle schools, and 1 high school located in Montclair Township. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation (Cont'd)

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

The District reports the following governmental funds:

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

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office by the Board of School Estimate and was approved by a vote of the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 127,347,280	\$ 3,680,889
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(455,362)
Prior Year Encumbrances		128,263
Prior Year Encumbrances Canceled		(448)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	657,178	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(639,133)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 127,365,325	\$ 3,353,342
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 127,407,926	\$ 3,680,889
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes		
Current Year Encumbrances		(455,362)
Prior Year Encumbrances		128,263
Prior Year Encumbrances Canceled		(448)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 127,407,926	\$ 3,353,342

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	Capital Projects Fund	
	Revenue	Fund Balance
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis per Exhibit F-1)	\$ 3,590,983	\$ 6,040,678
Reconciliation to Governmental Funds Statements (GAAP):		
Township of Montclair Ordinances and SDA Grants are Recognized as Revenue on the Budgetary Basis when Awarded but are not Recognized on the GAAP Basis until Expended and Submitted for Reimbursement	(1,573,647)	(6,205,404)
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds (GAAP Basis per Exhibit B-2)	\$ 2,017,336	\$ (164,726)

E. Cash and Cash Equivalents

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

F. Interfund Transactions

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

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

G. Allowance for Uncollectible Accounts

As of June 30, 2015 and 2016 the District recognized an allowance for doubtful accounts in the amount of \$75,000 against the students' accounts receivable in the food service fund. The District has already implemented procedures in order to reduce/prevent uncollectable accounts in the food service fund for the future.

H. Encumbrances

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

K. Capital Assets

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

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

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

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

L. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not undisbursed amounts be retained in a separate bank account. As of June 30, 2016, the amount earned by these employees but not disbursed was \$200,898 which is recorded as an accounts payable in the General Fund.

M. Long Term Liabilities

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

N. Compensated Absences

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

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$4,677,738 General Fund fund balance at June 30, 2016, \$989,770 is assigned for encumbrances; \$491,819 is restricted in the capital reserve; \$250,000 is restricted in the maintenance reserve; and \$1,271,271 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) and has been appropriated and included as anticipated budget revenue for the year ending June 30, 2017; and \$1,674,878 is unassigned which is \$639,133 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which were not recognized on the GAAP basis.

Capital Projects Fund: The Capital Projects Fund has \$24,261 of restricted fund balance and a \$(188,987) deficit in committed fund balance at June 30, 2016 due to the SDA grants and Township receivables not recognized on the GAAP basis.

Calculation of Excess Surplus: The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess surplus at June 30, 2016 is \$1,271,271.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

P. Fund Balance Appropriated (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$639,133 as reported in the fund financial statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016, with regard to pensions, for changes in assumptions, changes in proportion, the difference between expected and actual experience, and the District contribution subsequent to the measurement date.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2016, with regard to pensions, for the net difference between projected and actual investment earnings on plan investments.

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

R. Deficit Net Position/Fund Balance:

The District has a deficit in unrestricted net position of \$37,663,560 in governmental activities, which is primarily a result of \$2,947,796 of compensated absences payable, investment gains in pensions of \$676,539, net pension liability of \$42,992,316, net of \$989,770 assigned for encumbrances and, with regard to pensions, changes in assumptions of \$4,518,878, changes in proportion of \$749,903, difference between expected and actual experience of \$1,003,841, and investment losses of \$204,808. The District's Capital Projects Fund has a deficit committed fund balance of \$(188,987) as of June 30, 2016 due to the SDA grants and Township receivables not recognized on the GAAP basis.

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2016.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances in the General Fund at June 30, 2016.

T. Revenue - Exchange and Non-exchange Transactions

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

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

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

U. Operating Revenue and Expenses

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

V. Management Estimates

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

W. Pensions

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

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

Deposits:

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

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Cash and Cash Equivalents		Total
		Capital Reserve Account	Maintenance Reserve Account	
Checking and Savings Accounts	\$ 7,345,960	\$ 491,819	\$ 250,000	\$ 8,087,779

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$8,087,779 and the bank balance was \$12,786,783.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Balance July 1, 2015		\$	499,800
Increased by:			
Interest Earnings			2,978
			502,778
Decreased by:			
Withdrawal by Board Resolution to Capital Projects Fund			(10,959)
			(10,959)
Balance June 30, 2016		\$	491,819

The balance in the capital reserve at June 30, 2016 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

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

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Balance July 1, 2015	<u>\$ 250,000</u>
Balance June 30, 2016	<u><u>\$ 250,000</u></u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, there was \$310,691 in transfers to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Sites (Land)	\$ 5,187,355			\$ 5,187,355
Total Capital Assets Not Being Depreciated	<u>5,187,355</u>			<u>5,187,355</u>
Capital Assets Being Depreciated:				
Site Improvements	6,677,316	\$ 61,410		6,738,726
Buildings and Building Improvements	77,704,224	3,308,976		81,013,200
Machinery and Equipment	6,845,738	305,050		7,150,788
Total Capital Assets Being Depreciated	<u>91,227,278</u>	<u>3,675,436</u>		<u>94,902,714</u>
Governmental Activities Capital Assets	<u>96,414,633</u>	<u>3,675,436</u>		<u>100,090,069</u>
Less Accumulated Depreciation for:				
Site Improvements	(3,694,050)	(266,488)		(3,960,538)
Buildings and Building Improvements	(18,938,410)	(1,975,604)		(20,914,014)
Machinery and Equipment	(5,292,815)	(307,329)		(5,600,144)
	<u>(27,925,275)</u>	<u>(2,549,421)</u>		<u>(30,474,696)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 68,489,358</u>	<u>\$ 1,126,015</u>	<u>\$ -0-</u>	<u>\$ 69,615,373</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 822,586	\$ 41,733		\$ 864,319
Less Accumulated Depreciation	(561,584)	(21,706)		(583,290)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 261,002</u>	<u>\$ 20,027</u>	<u>\$ -0-</u>	<u>\$ 281,029</u>

The increases totaling \$3,717,169 represent current fiscal year capitalized expenditures in the general fund, capital projects fund and the food service enterprise fund.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 124,629
Support/Administration	30,936
Maintenance/Custodial	16,007
Unallocated	<u>2,377,849</u>
	<u>\$ 2,549,421</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2015</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2016</u>
Compensated Absences Payable	\$ 2,888,626	\$ 222,342	\$ 163,172	\$ 2,947,796
Net Pension Liability	35,269,964	7,731,835	9,483	42,992,316
Capital Leases Payable	<u>251,561</u>	<u>269,429</u>	<u>150,444</u>	<u>370,546</u>
	<u>\$38,410,151</u>	<u>\$ 8,223,606</u>	<u>\$ 323,099</u>	<u>\$46,310,658</u>

A. Bonds and Loans Payable:

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

B. Capital Leases Payable:

The District has commitments to lease computer equipment under three capital leases totaling \$570,861 of which \$200,315 has been liquidated as of June 30, 2016. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$152,758
2018	152,758
2019	<u>67,357</u>
	372,873
Less: Amount representing interest	<u>(2,327)</u>
Total future minimum lease payments	<u>\$370,546</u>

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. There is no current portion of the compensated absences balance of the governmental funds in the current year; therefore, the entire \$2,947,796 represents the long-term liability balance of compensated absences and will be liquidated through the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no liability existed for compensated absences in the Enterprise Funds.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. LONG TERM LIAIBILITIES (Cont'd)

D. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$42,078,344. See Note 9 for further information on the PERS.

The Board of Education Employee's Pension Fund of Essex County's net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$913,972. See Note 9 for further information on the he Board of Education Employee's Pension Fund of Essex County.

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members 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 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,611,551 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$42,078,344 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.187%, which was an increase of 0.004% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$2,920,744. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	6.44 years	\$ 900,723	
2015	5.72 years	3,618,155	
Subtotal		<u>4,518,878</u>	
Changes in Proportion:			
2014	6.44 years	114,532	
2015	5.72 years	635,371	
		<u>749,903</u>	
Difference Between Expected and Actual Experience - 2015	5.72 years	<u>1,003,841</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years		\$ 1,568,622
2015	5 years		(892,083)
Subtotal			<u>676,539</u>
District Contribution Subsequent to the Measurement Date - 2015	1 year	<u>1,621,653</u>	
		<u>\$ 7,894,275</u>	<u>\$ 676,539</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 882,249
2017	882,249
2018	882,249
2019	1,405,123
2020	794,310
	<u>\$ 4,846,180</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd).

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the table on the following page.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 52,298,233	\$ 42,078,344	\$ 33,510,063

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$4,243,184 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$19,766,822.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$323,733,129. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.512%, which was a decrease of 0.009% from its proportion measured as of June 30, 2014.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>323,733,129</u>
Total	<u><u>\$ 323,733,129</u></u>

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the District in the amount of \$19,766,822 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

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

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	8.5 years	\$ 1,999,074,013	
2015	8.3 years	5,201,079,373	
Difference Between Expected and Actual Experience:			
2014	8.5 years		\$ 19,039,817
2015	8.3 years	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years		1,305,927,430
2015	5 years		<u>(770,568,242)</u>
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the table on the following page:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 384,744,724	\$ 323,733,129	\$ 271,167,990

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For DCRP, the District recognized pension expense of \$138,718 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$186,809 for the fiscal year ended June 30, 2016.

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

Plan Description

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

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

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

Benefits Provided

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

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

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute. District contributions to the Plan amounted to \$131,301 for fiscal year 2016.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2016, the District reported a liability of \$913,972 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 2.5066%, which was an increase of 0.1092% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$(52,306). At June 30, 2016, the District reported deferred outflows of resources related to pensions from the following sources. There were no deferred inflows of resources.

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments:		
2016	5 years	\$ 181,795
2015	5 years	23,013
		<u>204,808</u>
District Contribution Subsequent to the Measurement Date	1 year	<u>100,564</u>
		<u>\$ 305,372</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2017	\$ 42,112
2018	42,112
2019	42,112
2020	42,112
2021	36,360
	<u>\$ 204,808</u>

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2016. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Inflation Rate	2.00%
Salary Increases	4.50%
Investment Rate of Return, net of Plan investment expense, including inflation	6.50%
Cost of Living Adjustments ("COLA")	2.00%

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

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
U.S. Fixed Income	40.00%	1.75%
U.S. Large CAP Equities	50.00%	6.75%
U.S. Small CAP Equities	10.00%	6.75%

* - Net of 2.0% inflation assumption

Discount Rate

The discount rate used to measure the total pension liability was 6.50% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following page presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Fiscal Year Ended June 30, 2016		
	1%	Current	1%
	Decrease (5.50%)	Discount Rate (6.50%)	Increase (7.50%)
District's proportionate share of the Net Pension Liability	\$ 647,269	\$ 913,972	\$ 1,220,870

Pension Plan Fiduciary Net Position

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

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury's website at http://www.nj.gov/treasury/pensions/pdf/financial_2015combined.pdf.

The State's on behalf Post-Retirement Medical Contributions for TPAF for the District amount to \$5,052,460, \$4,396,024 and \$3,614,667, for 2016, 2015, and 2014, respectively.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. RISK MANAGEMENT

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

Property and Liability

The Montclair Township School District is a member of the New Jersey Schools Insurance Group (the "NJSIG"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSIG is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the NJSIG are elected.

As a member of the NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSIG were to be exhausted, members would become responsible for their respective shares of the NJSIG's liabilities. The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No.10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information for the NJSIG as of June 30, 2016 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	\$ 311,014,416
Net Position	\$ 68,222,364
Total Revenue	\$ 124,872,219
Total Expenses	\$ 113,965,181
Member Dividends	\$ -0-
Change in Net Position for the Year Ended June 30, 2016	\$ 10,907,038

Financial statements for the Fund are available at the Fund's Executive Director's Office:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Suite 300 North
Mount Laurel, NJ 08054
Phone: (609) 386-6060 Fax: (609) 386-8877

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 929	\$ 203,482	\$ 179,080	\$ 497,659
2014-2015	945	185,697	230,656	472,328
2013-2014	946	202,759	161,445	516,342

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,099,389	
Special Revenue Fund		\$ 903,680
Capital Projects Fund		194,709
Fiduciary Funds - Payroll Agency		1,000
	<u>\$ 1,099,389</u>	<u>\$ 1,099,389</u>

The Special Revenue Fund interfund payable to the General Fund represents an interfund loan due to the timing lag between requests for reimbursement and actual receipt of federal grant funds. The Capital Projects Fund interfund payable to the General Fund represents expenditures paid on behalf of the Capital Projects Fund by the General Fund and an interfund loan due to the open SDA grants and Township receivables. The Payroll Agency Fiduciary Fund interfund payable to the General Fund represents an interfund advance.

During the fiscal year, the General Fund transferred \$10,959 from Capital Reserve to the Capital Projects Fund for the local share of capital projects and \$50,588 to the Food Service Enterprise Fund for the budgeted Board Contribution and the Capital Projects Fund transferred \$256 of interest earnings to the General Fund.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

Lincoln National Life Insurance Company
Valic
MetLife Investors
AXA Equitable

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. TAX CALENDAR

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

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 989,770	\$ 455,362	\$ 839,504	\$ 2,284,636

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$455,362 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$839,504 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$(188,987) deficit unassigned fund balance on a GAAP basis at June 30, 2016.

NOTE 17. ACCOUNTS PAYABLE

At June 30, 2016, there were accounts payable as detailed below in the governmental funds and proprietary funds.

	Governmental Funds		District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund			Enterprise Funds
Salaries	\$ 2,082,478			\$ 2,082,478	
Vendors	786,130	\$ 54,807		840,937	
Due to:					
Other Governmental Units	28,403	17,071	\$ 100,564	146,038	
State of New Jersey		26,600	1,621,653	1,648,253	\$ 92,987
	\$ 2,897,011	\$ 98,478	\$ 1,722,217	\$ 4,717,706	\$ 92,987

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

	Fiscal Year Ending June 30,	
	2015	2016
District's proportion of the net pension liability	0.1834481391%	0.1874481079%
District's proportionate share of the net pension liability	\$ 34,346,509	\$ 42,078,344
District's covered employee payroll	\$ 12,540,380	\$ 12,661,086
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	273.89%	332.34%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 1,512,320	\$ 1,611,551
Contributions in relation to the contractually required contribution	<u>(1,512,320)</u>	<u>(1,611,551)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 12,661,086	\$ 11,630,446
Contributions as a percentage of covered employee payroll	11.94%	13.86%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.5211247883%	0.5122013557%
State's proportionate share of the net pension liability attributable to the District	\$ 278,524,239	\$ 323,733,129
District's covered employee payroll	\$ 52,752,552	\$ 54,991,616
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	527.98%	588.70%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 14,987,219	\$ 19,766,822
Contributions in relation to the contractually required contribution	<u>(2,769,148)</u>	<u>(4,243,184)</u>
Contribution deficiency/(excess)	<u>\$ 12,218,071</u>	<u>\$ 15,523,638</u>
District's covered employee payroll	\$ 54,991,616	\$ 54,689,497
Contributions as a percentage of covered employee payroll	5.04%	7.76%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's Proportion of the Net Pension Liability	2.3974085%	2.5248930%
District's Proportionate Share of the Net Pension Liability	\$ 923,455	\$ 913,972
District's Covered Employee Payroll	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	76.05%	76.05%

* - Fiduciary Net Position Excludes an Amount Designated for Insurance Benefits of \$18,914,961, \$19,628,046 and \$19,972,514 for the fiscal years ending June 30, 2014, June 30, 2015 and June 30, 2016, respectively.

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

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

	Fiscal Year Ending June 30,		
	2014	2015	2016
Contractually Required Contribution	\$ 118,096	\$ 140,315	\$ 131,301
Contributions in Relation to the Contractually Required Contribution	(118,096)	(140,315)	(131,301)
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 7.00% as of June 30, 2015 to 6.50% as of June 30, 2016. The inflation rate changed from 2.30% as of June 30, 2015 to 2.00% as of June 30, 2016. The cost of living adjustment changed from 3.00% as of June 30, 2015 to 2.00% as of June 30, 2016.

BUDGETARY COMPARISON SCHEDULES

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 105,704,008		\$ 105,704,008	\$ 105,704,008	
Tuition - From Individuals	101,000		101,000	41,743	\$ (59,257)
Interest Earned on Capital Reserve				2,978	2,978
Rents and Royalties	85,000		85,000	41,057	(43,943)
Unrestricted Miscellaneous Revenue	150,000		150,000	894,206	744,206
Total - Local Sources	106,040,008		106,040,008	106,683,992	643,984
State Sources:					
Transportation Aid	1,164,526		1,164,526	1,164,526	
Special Education Categorical Aid	4,171,264		4,171,264	4,171,264	
Adjustment Aid	322,539	\$ 180,765	503,304	503,304	
Security Aid	747,557		747,557	747,557	
Extraordinary Aid	400,000		400,000	573,293	173,293
PARCC Readiness Aid		68,020	68,020	68,020	
Per Pupil Growth Aid		68,020	68,020	68,020	
Other State Aids	316,805	(316,805)			
Nonpublic Transportation Aid				49,764	49,764
On-Behalf TPAF Pension Contribution (Non-Budgeted)				4,243,184	4,243,184
On-Behalf TPAF Post Retirement Benefit Contributions (Non-Budgeted)				5,052,460	5,052,460
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				3,902,218	3,902,218
Total State Sources	7,122,691		7,122,691	20,543,610	13,420,919
Federal Sources:					
Medicaid Reimbursement	98,082		98,082	119,678	21,596
Total Federal Sources	98,082		98,082	119,678	21,596
TOTAL REVENUES	113,260,781		113,260,781	127,347,280	14,086,499

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,695,945	\$ (101,897)	\$ 1,594,048	\$ 1,614,308	\$ (20,260)
Grades 1-5 - Salaries of Teachers	12,923,781	104,222	13,028,003	13,218,654	(190,651)
Grades 6-8 - Salaries of Teachers	9,151,441	171,040	9,322,481	9,432,656	(110,175)
Grades 9-12 - Salaries of Teachers	9,989,879	374,613	10,364,492	10,497,813	(133,321)
Regular Programs - Home Instruction:					
Salaries of Teachers	189,000	45,877	234,877	234,877	
Purchased Professional-Educational Services	74,508	(16,053)	58,455	55,955	2,500
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	986,996	(70,778)	916,218	929,907	(13,689)
Other Purchased Services (400-500 Series)	335,738	(21,864)	313,874	291,027	22,847
General Supplies	793,589	6,802	800,391	767,869	32,522
Textbooks	375,650	(75,128)	300,522	300,522	
Total Regular Programs - Instruction	<u>36,516,527</u>	<u>416,834</u>	<u>36,933,361</u>	<u>37,343,588</u>	<u>(410,227)</u>
Special Education - Instruction					
Cognitive Mild:					
Salaries of Teachers	76,250	43	76,293	77,392	(1,099)
Total Cognitive Mild	<u>76,250</u>	<u>43</u>	<u>76,293</u>	<u>77,392</u>	<u>(1,099)</u>
Learning and/or Language Disabilities:					
Salaries of Teachers	695,360	(11,632)	683,728	693,580	(9,852)
Other Salaries for Instruction	30,173	(3,489)	26,684	26,684	
Total Learning and/or Language Disabilities	<u>725,533</u>	<u>(15,121)</u>	<u>710,412</u>	<u>720,264</u>	<u>(9,852)</u>
Behavioral Disabilities:					
Salaries of Teachers	121,301	68	121,369	123,118	(1,749)
General Supplies	900	(900)			
Total Behavioral Disabilities	<u>122,201</u>	<u>(832)</u>	<u>121,369</u>	<u>123,118</u>	<u>(1,749)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Multiple Disabilities:					
Salaries of Teachers	\$ 106,553	\$ 94,186	\$ 200,739	\$ 203,631	\$ (2,892)
Other Salaries for Instruction	62,018	(6,245)	55,773	55,773	
Total Multiple Disabilities	<u>168,571</u>	<u>87,941</u>	<u>256,512</u>	<u>259,404</u>	<u>(2,892)</u>
Resource Room/Resource Center:					
Salaries of Teachers	6,401,818	443,152	6,844,970	6,943,669	(98,699)
Other Salaries for Instruction	107,080	2,374	109,454	111,031	(1,577)
General Supplies	42,207	(23,481)	18,726	18,726	
Total Resource Room/Resource Center	<u>6,551,105</u>	<u>422,045</u>	<u>6,973,150</u>	<u>7,073,426</u>	<u>(100,276)</u>
Autism:					
Salaries of Teachers	356,722	(23,829)	332,893	337,690	(4,797)
General Supplies	9,450	(455)	8,995	8,995	
Total Autism	<u>366,172</u>	<u>(24,284)</u>	<u>341,888</u>	<u>346,685</u>	<u>(4,797)</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	90,000	(90,000)			
Other Salaries for Instruction	120,000	(120,000)			
Total Preschool Disabilities - Part-Time	<u>210,000</u>	<u>(210,000)</u>			
Preschool Disabilities - Full-Time:					
Salaries of Teachers	365,348	9,144	374,492	379,888	(5,396)
Total Preschool Disabilities - Full-Time	<u>365,348</u>	<u>9,144</u>	<u>374,492</u>	<u>379,888</u>	<u>(5,396)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Home Instruction					
Salaries of Teachers		\$ 121,230	\$ 121,230	\$ 121,230	
Purchased Professional-Educational Services		28,454	28,454	25,954	\$ 2,500
Total Special Education Instruction		<u>149,684</u>	<u>149,684</u>	<u>147,184</u>	<u>2,500</u>
Total Special Education Instruction	\$ 8,585,180	<u>418,620</u>	<u>9,003,800</u>	<u>9,127,361</u>	<u>(123,561)</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,342,540	(113,584)	1,228,956	1,246,664	(17,708)
General Supplies	6,000	(2,099)	3,901	3,901	
Total Basic Skills/Remedial - Instruction	<u>1,348,540</u>	<u>(115,683)</u>	<u>1,232,857</u>	<u>1,250,565</u>	<u>(17,708)</u>
Bilingual Education - Instruction:					
Salaries of Teachers	180,148	125	180,273	182,871	(2,598)
General Supplies	598	(233)	365	365	
Total Bilingual Education - Instruction	<u>180,746</u>	<u>(108)</u>	<u>180,638</u>	<u>183,236</u>	<u>(2,598)</u>
Vocational Programs - Local - Instruction:					
Salaries of Teachers	289,005	(25,533)	263,472	267,268	(3,796)
General Supplies	15,000	(9,597)	5,403	5,403	
Total Vocational Programs - Local - Instruction	<u>304,005</u>	<u>(35,130)</u>	<u>268,875</u>	<u>272,671</u>	<u>(3,796)</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	266,170	(2,419)	263,751	263,751	
Purchased Services (300-500 series)	7,794	(7,794)			
Total School-Sponsored Cocurricular Activities - Instruction	<u>273,964</u>	<u>(10,213)</u>	<u>263,751</u>	<u>263,751</u>	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 775,042	\$ 8,551	\$ 783,593	\$ 788,313	\$ (4,720)
Purchased Services (300-500 Series)	124,662	19,095	143,757	143,757	
Supplies and Materials	181,692	(31,089)	150,603	150,603	
Other Objects	42,030	3,488	45,518	45,518	
Total School-Sponsored Cocurricular Athletics - Instruction	<u>1,123,426</u>	<u>45</u>	<u>1,123,471</u>	<u>1,128,191</u>	<u>(4,720)</u>
After School Program - Instruction:					
Salaries of Teachers		22,009	22,009	22,009	
Other Salaries of Instruction	15,000	23,026	38,026	38,026	
Total After School Program - Instruction	<u>15,000</u>	<u>45,035</u>	<u>60,035</u>	<u>60,035</u>	
Summer Programs - Instruction:					
Salaries of Teachers	58,600	(24,564)	34,036	34,036	
General Supplies	1,000	441	1,441	1,441	
Total Summer Programs - Instruction	<u>59,600</u>	<u>(24,123)</u>	<u>35,477</u>	<u>35,477</u>	
Summer Programs - Support Services:					
Salaries	3,200	498	3,698	3,698	
Total Summer Programs - Support Services	<u>3,200</u>	<u>498</u>	<u>3,698</u>	<u>3,698</u>	
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	58,811	(29,303)	29,508	29,508	
Other Salaries for Instruction	26,360	(1,360)	25,000	25,000	
Purchased Professional and Technical Services	39,500	23,319	62,819	62,819	
General Supplies	2,517	1,188	3,705	3,705	
Total Other Supplemental/At-Risk Programs - Instruction	<u>127,188</u>	<u>(6,156)</u>	<u>121,032</u>	<u>121,032</u>	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Supplemental/At-Risk Programs - Support:					
Purchased Professional and Technical Services	\$ 5,000	\$ (1,159)	\$ 3,841	\$ 3,841	
Purchased Services (400-500 series)	1,540	(1,540)			
Total Other Supplemental/At-Risk Programs - Support	<u>6,540</u>	<u>(2,699)</u>	<u>3,841</u>	<u>3,841</u>	
Total Other Supplemental/At-Risk Programs	<u>133,728</u>	<u>(8,855)</u>	<u>124,873</u>	<u>124,873</u>	
Other Instructional Programs - Instruction:					
Salaries	34,235	(1,693)	32,542	32,542	
Purchased Services (300-500 series)	6,500	(6,500)			
Supplies and Materials	7,500	(614)	6,886	6,886	
Total Other Instructional Programs - Instruction	<u>48,235</u>	<u>(8,807)</u>	<u>39,428</u>	<u>39,428</u>	
Community Service Programs/Operations:					
Salaries	80,000	(45,726)	34,274	34,274	
Supplies and Materials		645	645	645	
Total Community Service Programs/Operations	<u>80,000</u>	<u>(45,081)</u>	<u>34,919</u>	<u>34,919</u>	
Total Instruction	<u>48,672,151</u>	<u>633,032</u>	<u>49,305,183</u>	<u>49,867,793</u>	<u>\$ (562,610)</u>
Undistributed Expenditures:					
Instruction (Tuition):					
Tuition to Other LEAs Within the State - Regular	72,000	14,000	86,000	86,000	
Tuition to Other LEAs Within the State - Special	6,100	11,907	18,007	18,007	
Tuition to County Vocational School Districts - Regular		42,675	42,675	42,675	
Tuition to County Vocational School Districts - Special	41,968	(13,746)	28,222	28,222	
Tuition to CSSD and Regional Day Schools		192,603	192,603	192,603	
Tuition to Private Schools for the Disabled - Within State	3,769,628	(16,318)	3,753,310	3,744,064	9,246
Tuition - State Facilities	32,306		32,306	32,306	
Total Undistributed Expenditures - Instruction (Tuition)	<u>3,922,002</u>	<u>231,121</u>	<u>4,153,123</u>	<u>4,143,877</u>	<u>9,246</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Attendance and Social Work:					
Salaries	\$ 274,752	\$ (82,656)	\$ 192,096	\$ 196,144	\$ (4,048)
Purchased Professional and Technical Services	112,486	(1,717)	110,769	110,769	
Other Purchased Services (400-500 Series)	15,000	(1,167)	13,833	13,833	
Total Attendance and Social Work	<u>402,238</u>	<u>(85,540)</u>	<u>316,698</u>	<u>320,746</u>	<u>(4,048)</u>
Health Services:					
Salaries	1,069,090	37,868	1,106,958	1,119,336	(12,378)
Purchased Professional and Technical Services	297,800	(7,095)	290,705	290,705	
Supplies and Materials	45,305	(14,966)	30,339	30,339	
Total Health Services	<u>1,412,195</u>	<u>15,807</u>	<u>1,428,002</u>	<u>1,440,380</u>	<u>(12,378)</u>
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	2,006,843	158,546	2,165,389	2,197,100	(31,711)
Purchased Professional - Educational Services	780,000	(308,524)	471,476	471,476	
Supplies and Materials	21,000	2,612	23,612	23,612	
Total Other Support Services - Students - Related Services	<u>2,807,843</u>	<u>(147,366)</u>	<u>2,660,477</u>	<u>2,692,188</u>	<u>(31,711)</u>
Other Support Services - Students - Extra Services:					
Salaries	6,030,617	116,121	6,146,738	6,228,786	(82,048)
Purchased Professional - Educational Services	710,611	45,944	756,555	756,555	
Total Other Support Services - Students - Extra Services	<u>6,741,228</u>	<u>162,065</u>	<u>6,903,293</u>	<u>6,985,341</u>	<u>(82,048)</u>
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	2,657,597	111,684	2,769,281	2,810,082	(40,801)
Salaries of Secretarial and Clerical Assistants	239,842	(96,294)	143,548	145,616	(2,068)
Purchased Professional and Technical Services	2,880	(1,785)	1,095	1,095	
Supplies and Materials	45,189	(8,152)	37,037	37,037	
Total Other Support Services - Students - Guidance	<u>2,945,508</u>	<u>5,453</u>	<u>2,950,961</u>	<u>2,993,830</u>	<u>(42,869)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	\$ 3,460,513	\$ 79,094	\$ 3,539,607	\$ 3,596,046	\$ (56,439)
Salaries of Secretarial and Clerical Assistants	219,437	138	219,575	222,739	(3,164)
Purchased Professional - Educational Services	715,590	23,997	739,587	733,179	6,408
Other Purchased Services (400-500 Series)	3,500	5,511	9,011	9,011	
Supplies and Materials	109,712	35,722	145,434	144,868	566
Total Other Support Services - Students - Child Study Team	<u>4,508,752</u>	<u>144,462</u>	<u>4,653,214</u>	<u>4,705,843</u>	<u>(52,629)</u>
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	1,472,228	(155,146)	1,317,082	1,320,316	(3,234)
Salaries of Other Professional Staff	146,278	41,672	187,950	187,950	
Salaries of Secretarial and Clerical Assistants	194,511	(79,714)	114,797	116,451	(1,654)
Unused Vacation Payment to Terminated/Retired Staff		38,194	38,194	38,194	
Purchased Professional - Educational Services	71,300	(8,750)	62,550	62,550	
Other Purchased Services (400-500 Series)	12,700	(3,904)	8,796	8,097	699
Supplies and Materials	12,983	21,667	34,650	34,650	
Total Improvement of Instructional Services	<u>1,910,000</u>	<u>(145,981)</u>	<u>1,764,019</u>	<u>1,768,208</u>	<u>(4,189)</u>
Educational Media Services/School Library:					
Salaries	343,315	20,104	363,419	368,656	(5,237)
Purchased Professional and Technical Services	27,789	(9)	27,780	27,780	
Supplies and Materials	29,742	(5,487)	24,255	24,255	
Total Educational Media Services/School Library	<u>400,846</u>	<u>14,608</u>	<u>415,454</u>	<u>420,691</u>	<u>(5,237)</u>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction		176,222	176,222	176,222	
Salaries of Other Professional Staff	60,706	(32,154)	28,552	28,552	
Salaries of Secretarial and Clerical Assistants		77,046	77,046	79,038	(1,992)
Purchased Professional - Educational Services	14,400	13,325	27,725	27,725	
Other Purchased Services (400-500 Series)	10,720	602	11,322	9,664	1,658
Supplies and Materials		6,691	6,691	6,691	
Total Instructional Staff Training Services	<u>85,826</u>	<u>241,732</u>	<u>327,558</u>	<u>327,892</u>	<u>(334)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 340,583	\$ (1,376)	\$ 339,207	\$ 341,960	\$ (2,753)
Legal Services	449,724	(42,424)	407,300	347,559	59,741
Architectural/Engineering Services	20,000		20,000	6,155	13,845
Other Purchased Professional Services	79,000	13,060	92,060	88,560	3,500
Communications/Telephone	159,100	24,610	183,710	183,710	
BOE Other Purchased Services	4,000	(4,000)			
Miscellaneous Purchased Services (400-500 Series, Other than 530 & 585)	8,960	4,270	13,230	13,144	86
General Supplies	48,151	(4,674)	43,477	43,280	197
Judgments Against the School District	1,000,000	(47,878)	952,122	925,673	26,449
Miscellaneous Expenditures	34,329	1,661	35,990	35,104	886
BOE Membership Dues and Fees	27,000	(22,110)	4,890	4,890	
Total Support Services - General Administration	<u>2,170,847</u>	<u>(78,861)</u>	<u>2,091,986</u>	<u>1,990,035</u>	<u>101,951</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	2,928,574	(51,921)	2,876,653	2,876,653	
Salaries of Other Professional Staff	160,000	9,089	169,089	169,089	
Salaries of Secretarial and Clerical Assistants	1,538,172	(5,726)	1,532,446	1,532,446	
Purchased Professional and Technical Services	21,849	(5,154)	16,695	16,695	
Other Purchased Services (400-500 Series)	5,000	(3,887)	1,113	1,113	
Supplies and Materials	5,004	11,683	16,687	16,687	
Total Support Services - School Administration	<u>4,658,599</u>	<u>(45,916)</u>	<u>4,612,683</u>	<u>4,612,683</u>	
Support Services - Central Services:					
Salaries	1,200,660	(41,144)	1,159,516	1,169,938	(10,422)
Miscellaneous Purchased Services (400-500 Series, Other than 594)	41,000	3,378	44,378	44,378	
Supplies and Materials	105,226	(8,452)	96,774	96,675	99
Total Support Services - Central Services	<u>1,346,886</u>	<u>(46,218)</u>	<u>1,300,668</u>	<u>1,310,991</u>	<u>(10,323)</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - Administration Information Technology:					
Salaries	\$ 447,038	\$ 97,634	\$ 544,672	\$ 547,192	\$ (2,520)
Purchased Technical Services	235,610	(37,004)	198,606	198,606	
Supplies and Materials	74,116	23,242	97,358	97,252	106
<u>Total Support Services - Administration Information Technology</u>	<u>756,764</u>	<u>83,872</u>	<u>840,636</u>	<u>843,050</u>	<u>(2,414)</u>
Required Maintenance of School Facilities:					
Salaries	331,293	2,729	334,022	338,835	(4,813)
Cleaning, Repair and Maintenance Services	366,112	57,644	423,756	387,081	36,675
General Supplies	132,979	(19,255)	113,724	113,611	113
<u>Total Required Maintenance of School Facilities</u>	<u>830,384</u>	<u>41,118</u>	<u>871,502</u>	<u>839,527</u>	<u>31,975</u>
Custodial Services:					
Salaries	2,780,973	11,193	2,792,166	2,861,741	(69,575)
Unused Vacation Payment to Terminated/Retired Staff		10,361	10,361	10,361	
Purchased Professional and Technical Services	48,945	(24,158)	24,787	24,787	
Cleaning, Repair and Maintenance Services	928,037	(85,684)	842,353	811,641	30,712
Rental of Land and Buildings Other Than Lease Purchase Agreements	69,600	(15,650)	53,950	27,150	26,800
Other Purchased Property Services	114,573	2,344	116,917	116,917	
Insurance	706,538	2,251	708,789	708,789	
Miscellaneous Purchased Services					
General Supplies	194,374	59,149	253,523	253,523	
Energy (Natural Gas)	520,000	(169,325)	350,675	350,675	
Energy (Electricity)	1,165,860	(200,669)	965,191	965,191	
Energy (Oil)		247	247	247	
<u>Total Custodial Services</u>	<u>6,528,900</u>	<u>(409,941)</u>	<u>6,118,959</u>	<u>6,131,022</u>	<u>(12,063)</u>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	59,586	(12,680)	46,906	46,420	486
General Supplies	19,506	(1,498)	18,008	15,775	2,233
<u>Total Care and Upkeep of Grounds</u>	<u>79,092</u>	<u>(14,178)</u>	<u>64,914</u>	<u>62,195</u>	<u>2,719</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Security:					
Salaries	\$ 732,221	\$ 22,037	\$ 754,258	\$ 765,562	\$ (11,304)
General Supplies	5,000	175	5,175	5,175	
Total Security	<u>737,221</u>	<u>22,212</u>	<u>759,433</u>	<u>770,737</u>	<u>(11,304)</u>
Student Transportation Services:					
Salaries of Non-Instructional Aides		29,325	29,325	29,898	(573)
Salaries for Pupil Transportation - Between Home & School - Regular	75,048	34	75,082	75,332	(250)
Salaries for Pupil Transportation - Between Home & School - Special	75,048	34	75,082	75,332	(250)
Salaries for Pupil Transportation - Other Than Between Home & School	44,858	17,883	62,741	62,741	
Unused Vacation Payment to Terminated/Retired Staff		4,076	4,076	4,076	
Management Fee - ESC & CTSA Transportation Programs	57,286	7,964	65,250	59,440	5,810
Other Purchased Professional and Technical Services	10,000	(3,983)	6,017	6,017	
Cleaning, Repair and Maintenance Services	10,000	2,869	12,869	12,869	
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	327,040	(66,555)	260,485	260,485	
Between Home and School - Vendors	1,860,821	(130,269)	1,730,552	1,730,552	
Other than Between Home and School - Vendors	167,660	45,793	213,453	211,792	1,661
Special Education Students - Vendors	641,995	38,877	680,872	680,872	
Special Education Students - ESCs & CTSAAs	1,421,860	208,718	1,630,578	1,486,001	144,577
General Supplies	13,000	(267)	12,733	12,733	
Other Objects	200	(200)			
Total Student Transportation Services	<u>4,704,816</u>	<u>154,299</u>	<u>4,859,115</u>	<u>4,708,140</u>	<u>150,975</u>
Unallocated Benefits:					
Social Security Contributions	1,769,064	1,918	1,770,982	1,796,103	(25,121)
Other Retirement Contributions - PERS	1,847,868	(236,317)	1,611,551	1,611,551	
Other Retirement Contributions - Regular	221,941	48,078	270,019	270,019	
Workmen's Compensation	300,000	(1,331)	298,669	298,669	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits (Cont'd):					
Health Benefits	\$ 13,592,643	\$ (872,608)	\$ 12,720,035	\$ 12,306,542	\$ 413,493
Tuition Reimbursement	110,045	47,515	157,560	157,560	
Other Employee Benefits	160,000	20,369	180,369	180,369	
Total Unallocated Benefits	<u>18,001,561</u>	<u>(992,376)</u>	<u>17,009,185</u>	<u>16,620,813</u>	<u>388,372</u>
On-Behalf Contributions:					
On-Behalf TPAF Pension Contribution (non-budgeted)				4,243,184	(4,243,184)
On-Behalf TPAF Post Retirement Benefit Contributions (non-budgeted)				5,052,460	(5,052,460)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				3,902,218	(3,902,218)
Total On-Behalf Contributions				<u>13,197,862</u>	<u>(13,197,862)</u>
Total Personal Services - Employee Benefits	<u>18,001,561</u>	<u>(992,376)</u>	<u>17,009,185</u>	<u>29,818,675</u>	<u>(12,809,490)</u>
Total Undistributed Expenses	<u>64,951,508</u>	<u>(849,628)</u>	<u>64,101,880</u>	<u>76,886,051</u>	<u>(12,784,171)</u>
TOTAL CURRENT EXPENSE	<u>113,623,659</u>	<u>(216,596)</u>	<u>113,407,063</u>	<u>126,753,844</u>	<u>(13,346,781)</u>
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5		54,535	54,535	54,535	
Grades 9-12		138,492	138,492	34,302	104,190
Special Education		34,302	34,302	34,302	
Athletics	16,100		16,100	16,100	
Undistributed Expenditures:					
General Administration	22,067	8,634	30,701	30,701	
Administrative Information Technology	12,664		12,664	12,664	
Custodial Services	70,100	74,728	144,828	105,663	39,165
Total Equipment	<u>120,931</u>	<u>310,691</u>	<u>431,622</u>	<u>288,267</u>	<u>143,355</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	\$ 85,938		\$ 85,938	\$ 85,938	
Total Facilities Acquisition and Construction Services	85,938		85,938	85,938	
Assets Acquired Under Operating Leases (Non Budgeted)				269,429	\$ (269,429)
TOTAL CAPITAL OUTLAY	206,869	\$ 310,691	517,560	643,634	(126,074)
Transfer of Funds to Charter Schools	10,448		10,448	10,448	
TOTAL EXPENDITURES	113,840,976	94,095	113,935,071	127,407,926	(13,472,855)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(580,195)	(94,095)	(674,290)	(60,646)	613,644
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)				269,429	269,429
Transfers In:					
Capital Projects Fund - Interest				256	256
Transfers Out:					
Capital Projects Fund - Capital Reserve		(10,959)	(10,959)	(10,959)	
Food Service Enterprise Fund - Board Contribution	(144,683)	94,095	(50,588)	(50,588)	
Total Other Financing Sources/(Uses)	(144,683)	83,136	(61,547)	208,138	269,685

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	\$ (724,878)	\$ (10,959)	\$ (735,837)	\$ 147,492	\$ 883,329
Fund Balance, July 1	5,169,379		5,169,379	5,169,379	
Fund Balance, June 30	<u>\$ 4,444,501</u>	<u>\$ (10,959)</u>	<u>\$ 4,433,542</u>	<u>\$ 5,316,871</u>	<u>\$ 883,329</u>

Recapitulation:

Restricted:

Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 1,271,271
Capital Reserve	491,819
Maintenance Reserve	250,000
Assigned for Year-End Encumbrances	989,770
Unassigned Fund Balance	<u>2,314,011</u>
	5,316,871
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments not Recognized on GAAP Basis	<u>(639,133)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 4,677,738</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 662,680	\$ 662,680	\$ 458,837	\$ (203,843)
State Sources	\$ 530,685	118,797	649,482	545,458	(104,024)
Federal Sources	2,191,768	782,196	2,973,964	2,676,594	(297,370)
Total Revenues	<u>2,722,453</u>	<u>1,563,673</u>	<u>4,286,126</u>	<u>3,680,889</u>	<u>(605,237)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	279,927	87,710	367,637	297,396	70,241
Other Salaries for Instruction	155,293	40,907	196,200	174,169	22,031
Purchased Professional and Technical Services		34,400	34,400	24,400	10,000
Other Purchased Services		509	509	509	
Tuition	1,000,000	(13,621)	986,379	977,624	8,755
General Supplies	206,786	465,289	672,075	379,403	292,672
Textbooks	90,728	430,232	520,960	516,722	4,238
Total Instruction	<u>1,732,734</u>	<u>1,045,426</u>	<u>2,778,160</u>	<u>2,370,223</u>	<u>407,937</u>
Support Services:					
Salaries of Supervisors of Instruction	191,827		191,827	191,827	
Salaries of Other Professional Staff		5,324	5,324	5,324	
Personal Services - Employee Benefits	61,025	11,717	72,742	68,858	3,884
Purchased Professional and Technical Services	585,791	178,406	764,197	643,891	120,306
Purchased Property Services		40,221	40,221	17,500	22,721
Other Purchased Services	56,501	(174)	56,327	30,004	26,323
Supplies and Materials	94,575	2,250	96,825	74,459	22,366
Other Objects		1,700	1,700		1,700
Total Support Services	<u>989,719</u>	<u>239,444</u>	<u>1,229,163</u>	<u>1,031,863</u>	<u>197,300</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		\$ 36,241	\$ 36,241	\$ 36,241	
Construction Services		171,382	171,382	171,382	
Non-Instructional Equipment		71,180	71,180	71,180	
Total Facilities Acquisition and Construction Services		<u>278,803</u>	<u>278,803</u>	<u>278,803</u>	
Total Expenditures	<u>\$ 2,722,453</u>	<u>1,563,673</u>	<u>4,286,126</u>	<u>3,680,889</u>	<u>\$ 605,237</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 127,347,280	\$ 3,680,889
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, whereas the GAAP Basis does not:		
Current Year Encumbrances		(455,362)
Prior Year Encumbrances		128,263
Prior Year Encumbrances Canceled		(448)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	657,178	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(639,133)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 127,365,325	\$ 3,353,342
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 127,407,926	\$ 3,680,889
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(455,362)
Prior Year Encumbrances		128,263
Prior Year Encumbrances Canceled		(448)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 127,407,926	\$ 3,353,342

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Annual appropriated budgets are prepared in the spring of each year for the General, and Special Revenue. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6:20-2A.2(m)l. Transfers of appropriations may be made by school board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	NSLP School Equipment Assistance	No Child Left Behind			I.D.E.A. Grant	
		Title I	Title IIA	Title III Immigrant	Basic	Preschool
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 41,733	\$ 512,612	\$ 128,744	\$ 426	\$ 1,977,314	\$ 15,765
Total Revenue	<u>41,733</u>	<u>512,612</u>	<u>128,744</u>	<u>426</u>	<u>1,977,314</u>	<u>15,765</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers		152,349	16,439		126,934	
Other Salaries for Instruction					174,169	
Purchased Professional and Technical Services						
Other Purchased Services						
Tuition					962,464	15,160
General Supplies		110,421	73	426	53,979	605
Textbooks					426,641	
Total Instruction		<u>262,770</u>	<u>16,512</u>	<u>426</u>	<u>1,744,187</u>	<u>15,765</u>
Support Services:						
Salaries of Supervisors of Instruction		191,827				
Salaries of Other Professional Staff						
Personal Services - Employee Benefits		44,770	1,258		22,830	
Purchased Professional and Technical Services			81,462		189,821	
Purchased Property Services						
Other Purchased Services		13,245	16,214			
Supplies and Materials			13,298		20,476	
Total Support Services		<u>249,842</u>	<u>112,232</u>		<u>233,127</u>	
Facilities Acquisition and Construction Services:						
Architectural/Engineering Services						
Construction Services						
Non-Instructional Equipment	41,733					
Total Facilities Acquisition and Construction Services	<u>41,733</u>					
Total Expenditures	<u>\$ 41,733</u>	<u>\$ 512,612</u>	<u>\$ 128,744</u>	<u>\$ 426</u>	<u>\$ 1,977,314</u>	<u>\$ 15,765</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Non-Public Auxiliary (Ch. 192)						
	Security	Nonpublic Textbook	Nursing	Home Instruction	ESL	Transportation	Compensatory Education
REVENUE:							
Local Sources							
State Sources	\$ 40,685	\$ 89,901	\$ 148,140	\$ 1,800	\$ 690	\$ 24,495	\$ 52,198
Federal Sources							
Total Revenue	<u>40,685</u>	<u>89,901</u>	<u>148,140</u>	<u>1,800</u>	<u>690</u>	<u>24,495</u>	<u>52,198</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Other Salaries for Instruction							
Purchased Professional and Technical Services							
Other Purchased Services							
Tuition							
General Supplies							
Textbooks		89,901					
Total Instruction		<u>89,901</u>					
Support Services:							
Salaries of Supervisors of Instruction							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits							
Purchased Professional and Technical Services			148,140	1,800	690	24,495	52,198
Purchased Property Services							
Other Purchased Services							
Supplies and Materials	40,685						
Total Support Services	<u>40,685</u>		<u>148,140</u>	<u>1,800</u>	<u>690</u>	<u>24,495</u>	<u>52,198</u>
Facilities Acquisition and Construction Services:							
Architectural/Engineering Services							
Construction Services							
Non-Instructional Equipment							
Total Facilities Acquisition and Construction Services							
Total Expenditures	<u>\$ 40,685</u>	<u>\$ 89,901</u>	<u>\$ 148,140</u>	<u>\$ 1,800</u>	<u>\$ 690</u>	<u>\$ 24,495</u>	<u>\$ 52,198</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Non-Public Handicapped (Ch. 193)				Local Grants	Total
	Nonpublic Technology	Supplemental Instruction	Examination & Classification	Corrective Speech		
REVENUE:						
Local Sources					\$ 458,837	\$ 458,837
State Sources	\$ 42,264	\$ 46,480	\$ 78,490	\$ 20,315		545,458
Federal Sources						2,676,594
Total Revenue	<u>42,264</u>	<u>46,480</u>	<u>78,490</u>	<u>20,315</u>	<u>458,837</u>	<u>3,680,889</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers					1,674	297,396
Other Salaries for Instruction						174,169
Purchased Professional and Technical Services					24,400	24,400
Other Purchased Services					509	509
Tuition						977,624
General Supplies	42,264				171,635	379,403
Textbooks					180	516,722
Total Instruction	<u>42,264</u>				<u>198,398</u>	<u>2,370,223</u>
Support Services:						
Salaries of Supervisors of Instruction						191,827
Salaries of Other Professional Staff					5,324	5,324
Personal Services - Employee Benefits						68,858
Purchased Professional and Technical Services		46,480	78,490	20,315		643,891
Purchased Property Services					17,500	17,500
Other Purchased Services					545	30,004
Supplies and Materials						74,459
Total Support Services		<u>46,480</u>	<u>78,490</u>	<u>20,315</u>	<u>23,369</u>	<u>1,031,863</u>
Facilities Acquisition and Construction Services:						
Architectural/Engineering Services					36,241	36,241
Construction Services					171,382	171,382
Non-Instructional Equipment					29,447	71,180
Total Facilities Acquisition and Construction Services					<u>237,070</u>	<u>278,803</u>
Total Expenditures	<u>\$ 42,264</u>	<u>\$ 46,480</u>	<u>\$ 78,490</u>	<u>\$ 20,315</u>	<u>\$ 458,837</u>	<u>\$ 3,680,889</u>

CAPITAL PROJECTS FUND

Exhibit F-1

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenue and Other Financing Sources:	
Due from Township of Montclair-Bond Ordinances Proceeds	\$ 3,579,768
Transfer from Capital Reserve	10,959
Interest Earned	256
Total Revenue and Other Financing Sources	<u>3,590,983</u>
Expenditures and Other Financing Uses:	
Architecture Fees	20,000
Facilities Acquisition and Construction Services	3,321,969
Equipment	15,767
Transfers Out:	
General Fund - Interest	256
Total Expenditures and Other Financing Uses	<u>3,357,992</u>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	232,991
Fund Balance - Beginning Balance	<u>5,807,687</u>
Fund Balance - Ending Balance	<u>\$ 6,040,678</u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 839,504
Committed Fund Balance: - Other Purposes	525,746
Total Committed Fund Balance	<u>1,365,250</u>
Restricted Fund Balance	<u>4,675,428</u>
	6,040,678
Reconciliation to Governmental Funds Statements (GAAP):	
Township Receivables not Recognized on GAAP Basis	(1,830,880)
SDA Receivables not Recognized on GAAP Basis	(4,374,524)
	<u>(6,205,404)</u>
Fund Balance/(Deficit) per Governmental Funds (GAAP)	<u>\$ (164,726)</u>

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

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds		\$ 2,598,000	\$ 2,598,000	\$ 2,598,000
Total Revenues and Other Financing Sources	\$ -0-	2,598,000	2,598,000	2,598,000
Expenditures:				
Architect Fees				163,832
Facilities Acquisition and Construction Services				2,434,168
Total Expenditures				2,598,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 2,598,000	\$ 2,598,000	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2015-24
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds		\$ 2,536,000	\$ 2,536,000	\$ 2,536,000
Total Revenues and Other Financing Sources	\$ -0-	2,536,000	2,536,000	2,536,000
Expenditures:				
Architect Fees		20,000	20,000	91,226
Facilities Acquisition and Construction Services		1,148,766	1,148,766	2,444,774
Total Expenditures		1,168,766	1,168,766	2,536,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 1,367,234	\$ 1,367,234	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2013-17
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,900,000	\$ (119,042)	\$ 2,780,958	\$ 2,780,958
Total Revenues and Other Financing Sources	<u>2,900,000</u>	<u>(119,042)</u>	<u>2,780,958</u>	<u>2,780,958</u>
Expenditures:				
Facilities Acquisition and Construction Services	1,986,703	561,227	2,547,930	2,612,862
Equipment Purchases	152,329	15,767	168,096	168,096
Total Expenditures	<u>2,139,032</u>	<u>576,994</u>	<u>2,716,026</u>	<u>2,780,958</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 760,968</u>	<u>\$ (696,036)</u>	<u>\$ 64,932</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2012-32
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 3,053,440	\$ (139,159)	\$ 2,914,281	\$ 2,914,281
Total Revenues and Other Financing Sources	<u>3,053,440</u>	<u>(139,159)</u>	<u>2,914,281</u>	<u>2,914,281</u>
Expenditures:				
Facilities Acquisition and Construction Services	2,459,618	138,191	2,597,809	2,914,281
Total Expenditures	<u>2,459,618</u>	<u>138,191</u>	<u>2,597,809</u>	<u>2,914,281</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 593,822</u>	<u>\$ (277,350)</u>	<u>\$ 316,472</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2011-41
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 1,686,360	\$ (79,096)	\$ 1,607,264	\$ 1,607,264
Total Revenues and Other Financing Sources	<u>1,686,360</u>	<u>(79,096)</u>	<u>1,607,264</u>	<u>1,607,264</u>
Expenditures:				
Facilities Acquisition and Construction Services	1,401,244	18,981	1,420,225	1,534,883
Equipment Purchases	72,381		72,381	72,381
Total Expenditures	<u>1,473,625</u>	<u>18,981</u>	<u>1,492,606</u>	<u>1,607,264</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 212,735</u>	<u>\$ (98,077)</u>	<u>\$ 114,658</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2010-28
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,986,360	\$ (131,353)	\$ 2,855,007	\$ 2,855,007
Total Revenues and Other Financing Sources	<u>2,986,360</u>	<u>(131,353)</u>	<u>2,855,007</u>	<u>2,855,007</u>
Expenditures:				
Facilities Acquisition and Construction Services	2,165,000	42,350	2,207,350	2,847,648
Equipment Purchases	<u>7,359</u>		<u>7,359</u>	<u>7,359</u>
Total Expenditures	<u>2,172,359</u>	<u>42,350</u>	<u>2,214,709</u>	<u>2,855,007</u>
Excess/(Deficiency) of Revenues and Other Financing Sources				
Over/(Under) Expenditures	<u>\$ 814,001</u>	<u>\$ (173,703)</u>	<u>\$ 640,298</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2009-20
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,152,690		\$ 1,152,690	\$ 1,152,690
Due from Township of Montclair-Bond Ordinance Proceeds	2,700,510	\$ (232,247)	2,468,263	2,468,263
Total Revenues and Other Financing Sources	<u>3,853,200</u>	<u>(232,247)</u>	<u>3,620,953</u>	<u>3,620,953</u>
Expenditures:				
Facilities Acquisition and Construction Services	3,620,284		3,620,284	3,620,284
Equipment Purchases	669		669	669
Total Expenditures	<u>3,620,953</u>		<u>3,620,953</u>	<u>3,620,953</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 232,247</u>	<u>\$ (232,247)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2008-14
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,820,028		\$ 1,820,028	\$ 1,820,028
Due from Township of Montclair-Bond Ordinance Proceeds	3,526,820	\$ (260,416)	3,266,404	3,266,404
Total Revenues and Other Financing Sources	5,346,848	(260,416)	5,086,432	5,086,432
Expenditures:				
Facilities Acquisition and Construction Services	5,028,972	28,441	5,057,413	5,083,132
Equipment Purchases	3,300		3,300	3,300
Total Expenditures	5,032,272	28,441	5,060,713	5,086,432
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 314,576	\$ (288,857)	\$ 25,719	\$ -0-

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2007-26
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 4,381,520	\$ (306,058)	\$ 4,075,462	\$ 4,075,462
Total Revenues and Other Financing Sources	<u>4,381,520</u>	<u>(306,058)</u>	<u>4,075,462</u>	<u>4,075,462</u>
Expenditures:				
Facilities Acquisition and Construction Services	3,972,689	14,045	3,986,734	4,075,437
Equipment Purchases	<u>25</u>		<u>25</u>	<u>25</u>
Total Expenditures	<u>3,972,714</u>	<u>14,045</u>	<u>3,986,759</u>	<u>4,075,462</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 408,806</u>	<u>\$ (320,103)</u>	<u>\$ 88,703</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2006-30
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 4,649,840	\$ (276,815)	\$ 4,373,025	\$ 4,373,025
Total Revenues and Other Financing Sources	<u>4,649,840</u>	<u>(276,815)</u>	<u>4,373,025</u>	<u>4,373,025</u>
Expenditures:				
Facilities Acquisition and Construction Services	4,288,047	57,982	4,346,029	4,372,978
Equipment Purchases	47		47	47
Total Expenditures	<u>4,288,094</u>	<u>57,982</u>	<u>4,346,076</u>	<u>4,373,025</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 361,746</u>	<u>\$ (334,797)</u>	<u>\$ 26,949</u>	<u>\$ -0-</u>

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MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2003-30
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Total</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 15,256,325	\$ (10,046)	\$ 15,246,279	\$ 15,246,279
Total Revenues and Other Financing Sources	15,256,325	(10,046)	15,246,279	15,246,279
Expenditures:				
Facilities Acquisition and Construction Services	15,246,279		15,246,279	15,246,279
Total Expenditures	15,246,279		15,246,279	15,246,279
Excess/(Deficiency) of Revenues and Other Financing Sources				
Over/(Under) Expenditures	\$ 10,046	\$ (10,046)	\$ -0-	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DISTRICT WIDE SCHOOL RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 990,572		\$ 990,572	\$ 990,572
Transfer from Capital Reserve	1,485,857	\$ 10,959	1,496,816	1,485,857
Total Revenues and Other Financing Sources	2,476,429	10,959	2,487,388	2,476,429
Expenditures:				
Facilities Acquisition and Construction Services	496,499	1,266,043	1,762,542	2,476,429
Total Expenditures	496,499	1,266,043	1,762,542	2,476,429
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 1,979,930	\$ (1,255,084)	\$ 724,846	\$ -0-
Additional Project Information:				
Project Number:	Various			
Grant Date:	3/31/14 & 5/2/14			
Bond Authorization Date:	N/A			
Bonds Issued:	N/A			
Original Authorized Cost:	\$ 2,476,429			
Revised Authorized Cost:	\$ 2,476,429			
Percentage Increase over Original Authorized Cost:	N/A			
Percentage Completion:	71.17%			
Original Target Completion Date:	8/30/16			
Revised Target Completion Date:	N/A			

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL/HILLSIDE ELEMENTARY SCHOOL - VARIOUS FLOOR REPLACEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 125,000		\$ 125,000	\$ 125,000
Total Revenues and Other Financing Sources	125,000	\$ -0-	125,000	125,000
Expenditures:				
Facilities Acquisition and Construction Services	30,317	45,943	76,260	125,000
Total Expenditures	30,317	45,943	76,260	125,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 94,683	\$ (45,943)	\$ 48,740	\$ -0-
Additional Project Information:				
Project Number:	N/A			
Grant Date:	N/A			
Bond Authorization Date:	N/A			
Bonds Issued:	N/A			
Original Authorized Cost:	\$ 125,000			
Revised Authorized Cost:	\$ 125,000			
Percentage Increase over Original Authorized Cost:	0.00%			
Percentage Completion:	61.01%			
Original Target Completion Date:	8/30/2015			
Revised Target Completion Date:	N/A			

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL - ELEVATOR REPLACEMENT/UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Additional Project Information:

Project Number:	N/A
Grant Date:	N/A
Bond Authorization Date:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	\$ 100,000
Revised Authorized Cost:	\$ 100,000
Percentage Increase over Original Authorized Cost:	0.00%
Percentage Completion:	75.87%
Original Target Completion Date:	June 30, 2015
Revised Target Completion Date:	N/A

PROPRIETARY FUNDS

Exhibit G-1

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	Major Fund	Non-Major Funds			Enterprise Fund Totals
	Food Service Program	Summer Program	Provisional Teacher	Total	
<u>ASSETS:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 138,467	\$ 300,535	\$ 31,245	\$ 331,780	\$ 470,247
Intergovernmental Receivable:					
State	1,972				1,972
Federal	92,300				92,300
Accounts Receivable - Other	47,837				47,837
Student Accounts Receivable	14,900				14,900
Inventories	19,528				19,528
Total Current Assets	315,004	300,535	31,245	331,780	646,784
Non-Current Assets:					
Capital Assets	864,319				864,319
Less: Accumulated Depreciation	(583,290)				(583,290)
Total Non-Current Assets	281,029				281,029
Total Assets	596,033	300,535	31,245	331,780	927,813
<u>LIABILITIES:</u>					
Unearned Revenue:					
Food Distribution Program	10,063				10,063
Prepaid Meals	55,500				55,500
Prepaid Summer Program		129,995		129,995	129,995
Accounts Payable	217,365	930		930	218,295
Total Liabilities	282,928	130,925		130,925	413,853
<u>NET POSITION:</u>					
Investment in Capital Assets	281,029				281,029
Unrestricted	32,076	169,610	31,245	200,855	232,931
Total Net Position	\$ 313,105	\$ 169,610	\$ 31,245	\$ 200,855	\$ 513,960

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Fund	Non-Major Funds			Enterprise Fund Totals
	Food Service Program	Summer Program	Saturday Music	Provisional Teacher	
Operating Revenue:					
Local Sources:					
Daily Sales:					
Reimbursable Programs	\$ 321,781				\$ 321,781
Non-Reimbursable Programs	161,362				161,362
Total Daily Sales	483,143				483,143
Special Functions	73,257				73,257
Mentor Fees				\$ 66,250	\$ 66,250
Total Operating Revenue	556,400			66,250	622,650
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs	439,066				439,066
Non-Reimbursable Programs	54,863				54,863
Total Cost of Sales	493,929				493,929
Salaries, Benefits & Payroll Taxes	509,361	\$ 7,350		70,900	78,250
Administrative Expenses	59,345			2,500	2,500
Supplies and Materials	103,257	4,370		2,734	7,104
Management Fee	79,649				79,649
Miscellaneous	2,502				2,502
Depreciation	21,706				21,706
Total Operating Expenses	1,269,749	11,720		76,134	87,854
Operating (Loss)	(713,349)	(11,720)		(9,884)	(21,604)
				(21,604)	(734,953)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Fund	Non-Major Funds			Enterprise Fund Totals
	Food Service Program	Summer Program	Saturday Music	Provisional Teacher	
Non-Operating Revenue:					
Local Sources:					
Interest Income	\$ 247				\$ 247
State Sources:					
State School Lunch Program	10,062				10,062
Federal Sources:					
School Breakfast Program	87,576				87,576
National School Lunch Program	369,722				369,722
Food Distribution Program	79,977				79,977
Total Non-Operating Revenue	547,584				547,584
Net (Loss) Before Transfer and Capital Contributions:	(165,765)	\$ (11,720)		\$ (9,884)	\$ (21,604)
Capital Contribution - General Fund	41,733				41,733
Board Contribution	50,588				50,588
Transfers			\$ (895)	895	
Change in Net Position After Transfer and Capital Contribution	(73,444)	(11,720)	(895)	(8,989)	(21,604)
Net Position - Beginning of Year	386,549	181,330	895	40,234	222,459
Net Position - End of Year	\$ 313,105	\$ 169,610	\$ -0-	\$ 31,245	\$ 200,855

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Fund	Non-Major Funds			Enterprise
	Food Service Program	Summer Program	Saturday Music	Provisional Teacher	Fund Totals
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 531,323	\$ 129,995		\$ 66,250	\$ 727,568
Payments to Employees		(7,350)		(72,189)	(79,539)
Payments to Food Service Provider	(991,596)				(991,596)
Payments to Suppliers	(53,055)	(3,440)		(5,234)	(61,729)
Net Cash Provided by/(Used for) Operating Activities	(513,328)	119,205		(11,173)	(405,296)
Cash Flows from Investing Activities:					
Local Sources:					
Interest Income	247				247
Net Cash Provided by Investing Activities	247				247
Cash Flows from Noncapital Financing Activities:					
Cash Received from State and Federal Reimbursements	467,915				467,915
Transfers	50,588		\$ (895)	895	50,588
Net Cash Provided by/(Used for) Noncapital Financing Activities	518,503		(895)	895	518,503
Net Increase/(Decrease) in Cash and Cash Equivalents	5,422	119,205	(895)	(10,278)	113,454
Cash and Cash Equivalents, July 1	133,045	181,330	895	41,523	356,793
Cash and Cash Equivalents, June 30	\$ 138,467	\$ 300,535	\$ -0-	\$ 31,245	\$ 470,247

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Fund	Non-Major Funds			Enterprise Fund Totals	
	Food Service Program	Summer Program	Saturday Music	Provisional Teacher		Total
Reconciliation of Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:						
Operating (Loss)	\$ (713,349)	\$ (11,720)		\$ (9,884)	\$ (21,604)	\$ (734,953)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:						
Depreciation	21,706					21,706
Food Distribution Program	79,977					79,977
Changes in Assets and Liabilities:						
Decrease in Accounts Receivable - Students	189					189
(Increase) in Accounts Receivable	(33,154)					(33,154)
Increase in Unearned Revenue:						
Food Distribution Program	2,090					2,090
Prepaid	7,888	129,995			129,995	137,883
(Increase) in Inventory	(4,342)					(4,342)
Increase/(Decrease) in Accounts Payable	125,667	930		(1,289)	(359)	125,308
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (513,328)</u>	<u>\$ 119,205</u>	<u>\$ -0-</u>	<u>\$ (11,173)</u>	<u>\$ 108,032</u>	<u>\$ (405,296)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$82,067 and utilized \$79,977 for the fiscal year ended June 30, 2016.

FIDUCIARY FUNDS

Exhibit H-1

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30,2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ASSETS:			
Cash and Cash Equivalents	\$ 510,383	\$ 497,659	\$ 1,008,042
Total Assets	<u>510,383</u>	<u>497,659</u>	<u>1,008,042</u>
LIABILITIES:			
Interfund Payable	1,000		1,000
Due to Student Groups	422,528		422,528
Payroll Deductions and Withholdings	<u>86,855</u>		<u>86,855</u>
Total Liabilities	<u>510,383</u>		<u>510,383</u>
NET POSITION:			
Held in Trust for:			
Unemployment Compensation Claims		<u>497,659</u>	<u>497,659</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 497,659</u>	<u>\$ 497,659</u>

Exhibit H-2

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee Share	\$ 203,482	\$ 203,482
Total Contributions	<u>203,482</u>	<u>203,482</u>
Investment Earnings:		
Interest	929	929
Net Investment Earnings	<u>929</u>	<u>929</u>
Total Additions	<u>204,411</u>	<u>204,411</u>
Deductions:		
Unemployment Compensation Claims	79,107	79,107
Transfers to Agency	<u>99,973</u>	<u>99,973</u>
Total Deductions	<u>179,080</u>	<u>179,080</u>
Change in Net Position	25,331	25,331
Net Position - Beginning of the Year	<u>472,328</u>	<u>472,328</u>
Net Position - End of the Year	<u><u>\$ 497,659</u></u>	<u><u>\$ 497,659</u></u>

Exhibit H-3

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 448,073	\$ 1,059,608	\$ 1,085,153	\$ 422,528
Total Assets	<u>\$ 448,073</u>	<u>\$ 1,059,608</u>	<u>\$ 1,085,153</u>	<u>\$ 422,528</u>
LIABILITIES:				
Due to Student Groups	\$ 448,073	\$ 1,059,608	\$ 1,085,153	\$ 422,528
Total Liabilities	<u>\$ 448,073</u>	<u>\$ 1,059,608</u>	<u>\$ 1,085,153</u>	<u>\$ 422,528</u>

Exhibit H-4

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Elementary Schools:				
Bradford	\$ 8,457	\$ 16,187	\$ 18,962	\$ 5,682
Charles H. Bullock	16,733	17,290	18,213	15,810
Edgemont	10,177	7,526	11,179	6,524
Hillside	50,632	73,709	72,164	52,177
Nishuane	4,567	10,509	10,651	4,425
Northeast	20,588	9,710	13,035	17,263
Watchung	8,202	27,309	27,127	8,384
Total Elementary Schools	119,356	162,240	171,331	110,265
Middle Schools:				
Glenfield	43,135	165,783	173,107	35,811
Mt. Hebron	75,882	191,464	225,248	42,098
Renaissance	15,912	90,789	86,642	20,059
Total Middle Schools	134,929	448,036	484,997	97,968
High Schools:				
Montclair High School	176,992	321,742	326,297	172,437
Athletic Account	16,796	127,590	102,528	41,858
Total High Schools	193,788	449,332	428,825	214,295
Total All Schools	\$ 448,073	\$ 1,059,608	\$ 1,085,153	\$ 422,528

Exhibit H-5

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

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 200,142	\$133,527,615	\$ 133,639,902	\$ 87,855
Total Assets	\$ 200,142	\$133,527,615	\$ 133,639,902	\$ 87,855
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ 199,142	\$133,527,615	\$ 133,639,902	\$ 86,855
Interfund Payable - General Fund	1,000			1,000
Total Liabilities	\$ 200,142	\$133,527,615	\$ 133,639,902	\$ 87,855

LONG-TERM DEBT

Exhibit I-2

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

<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2016</u>
Apple Computers	0.90%	\$ 301,432	\$ 251,561		\$ 83,087	\$ 168,474
Apple Computers	0.00%	169,258		\$ 169,258	42,314	126,944
Apple Computers	0.00%	100,171		100,171	25,043	75,128
			<u>\$ 251,561</u>	<u>\$ 269,429</u>	<u>\$ 150,444</u>	<u>\$ 370,546</u>

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

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

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 47,854,538	\$ 49,096,515	\$ 49,319,766	\$ 50,686,622	\$ 50,727,177	\$ 48,878,543	\$ 50,419,530	\$ 49,932,850	\$ 57,910,722	\$ 59,526,497
Special Education	10,519,028	11,051,387	10,778,838	10,950,096	11,432,967	13,240,517	13,673,747	14,463,175	14,035,556	15,619,647
Other Special Instruction	1,461,026	1,155,413	1,081,994	1,397,703	1,355,741	2,043,269	2,448,400	2,517,238	3,070,118	3,020,620
School-Sponsored Instruction	3,567,362	3,024,250	2,893,988	3,012,233	2,232,289	1,809,677	1,778,949	1,873,094	2,025,116	2,021,715
Support Services:										
Tuition	3,715,887	4,468,012	4,947,698	5,436,746	4,243,051	4,783,313	5,099,446	4,908,073	4,745,980	5,121,501
Student & Instruction Related Services	18,174,017	20,169,046	20,865,133	22,262,622	20,892,795	19,907,216	23,111,451	24,620,537	30,765,348	33,896,334
School Administrative Services	5,747,403	5,900,632	5,697,569	6,453,978	5,926,334	5,687,924	5,797,230	6,618,614	2,358,740	2,203,262
General and Business Administrative Services	3,674,710	3,315,804	1,758,321	1,745,216	1,540,450	1,874,286	2,064,650	1,954,247	6,900,062	7,362,141
Central Services			1,833,063	1,853,971	1,928,764	1,655,412	1,645,518	1,917,572	2,050,988	2,013,448
Administrative Information Technology						301,037	297,595	771,619	1,011,762	1,212,581
Plant Operations And Maintenance	9,054,432	9,559,185	9,371,020	9,587,936	9,458,409	9,275,074	9,178,249	9,640,014	9,855,524	10,270,734
Pupil Transportation	4,475,153	4,255,570	4,436,644	4,422,775	4,198,807	4,327,092	4,666,981	4,615,598	4,762,678	4,850,939
Capital Outlay						76,167	85,938	85,938	180,752	
Special Schools	482,003	511,203	517,699	534,724	462,743	503,306	477,788	402,760	156,178	
Transfer to Charter School					19,292	21,582		7,204	10,420	10,448
State Administrative Fee					63,146					
Unallocated Depreciation	835,917	1,020,608	1,390,663	1,953,020	2,451,596	2,482,194	2,543,619	2,358,404	2,342,056	2,377,849
Total Governmental Activities Expenses	\$ 109,561,476	\$ 113,527,625	\$ 114,892,396	\$ 120,297,642	\$ 116,933,561	\$ 116,866,609	\$ 123,289,091	\$ 126,686,937	\$ 142,182,000	\$ 149,507,716
Business-Type activities:										
Food Service	\$ 1,568,688	\$ 1,484,812	\$ 1,368,552	\$ 1,443,652	\$ 1,395,102	\$ 1,453,543	\$ 1,192,701	\$ 1,204,386	\$ 1,242,173	\$ 1,269,749
Provisional Teacher	189,345	152,665	153,096	68,740	101,688	137,029	80,041	70,433	69,983	87,854
Saturday Music	19,579	23,166	20,255	20,891	18,494		20,260			
Summer Programs	554,055	557,433	536,855							
Total Business-Type Activities Expense	2,331,667	2,218,076	2,078,758	1,533,283	1,515,284	1,590,572	1,293,002	1,274,819	1,312,156	1,357,603
Total District Expenses	\$ 111,893,143	\$ 115,745,701	\$ 116,971,154	\$ 121,830,925	\$ 118,448,845	\$ 118,457,181	\$ 124,582,093	\$ 127,961,756	\$ 143,494,156	\$ 150,865,319
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Tuition						\$ 64,983	\$ 367,944	\$ 1,167,771	\$ 58,083	\$ 41,743
Special Schools						458,805	415,348	331,246	108,719	
Operating Grants and Contributions	\$ 13,637,813	\$ 14,560,570	\$ 10,346,419	\$ 11,427,039	\$ 11,478,828	18,801,996	19,506,729	18,068,049	32,701,958	38,048,010
Capital Grants and Contributions						25,399	3,243,859	528,704	1,731,544	2,017,080
Total Governmental Activities Program Revenues	\$ 13,637,813	\$ 14,560,570	\$ 10,346,419	\$ 11,427,039	\$ 11,478,828	\$ 19,351,183	\$ 23,533,880	\$ 20,095,770	\$ 34,600,304	\$ 40,106,833

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 2,342,952	\$ 2,106,195	\$ 2,092,906	\$ 919,865	\$ 858,972	\$ 595,702	\$ 463,564	\$ 470,459	\$ 603,845	\$ 556,400
Special Programs						86,086	86,426	68,600	69,735	66,250
Operating Grants and Contributions				571,073	578,679	590,331	642,348	520,727	583,235	547,337
Total Business-Type Activities Program Revenues	<u>2,342,952</u>	<u>2,106,195</u>	<u>2,092,906</u>	<u>1,490,938</u>	<u>1,437,651</u>	<u>1,272,119</u>	<u>1,192,338</u>	<u>1,059,786</u>	<u>1,256,815</u>	<u>1,169,987</u>
Total District Program Revenues	<u>\$ 15,980,765</u>	<u>\$ 16,666,765</u>	<u>\$ 12,439,325</u>	<u>\$ 12,917,977</u>	<u>\$ 12,916,479</u>	<u>\$ 20,623,302</u>	<u>\$ 24,726,218</u>	<u>\$ 21,155,556</u>	<u>\$ 35,857,119</u>	<u>\$ 41,276,820</u>
Net (Expense)/Revenue Governmental Activities	\$ (95,923,663)	\$ (98,967,055)	\$ (104,545,977)	\$ (108,870,603)	\$ (105,454,733)	\$ (97,515,426)	\$ (99,755,211)	\$ (106,591,167)	\$ (107,581,696)	\$ (109,400,883)
Business-Type Activities	11,285	(111,881)	14,148	(42,345)	(77,633)	(318,453)	(100,664)	(215,033)	(55,341)	(187,616)
Total District-Wide Net Expense	<u>\$ (95,912,378)</u>	<u>\$ (99,078,936)</u>	<u>\$ (104,531,829)</u>	<u>\$ (108,912,948)</u>	<u>\$ (105,532,366)</u>	<u>\$ (97,833,879)</u>	<u>\$ (99,855,875)</u>	<u>\$ (106,806,200)</u>	<u>\$ (107,637,037)</u>	<u>\$ (109,588,499)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 84,222,443	\$ 88,163,461	\$ 93,005,952	\$ 96,869,014	\$ 101,103,844	\$ 97,509,698	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008
Township of Montclair- Type I School District	4,381,520	5,346,848	3,853,200	2,986,360	533,670					
Current and Prior Years Assets Funded by										
Township	(5,338,227)									
Federal and State Aid Restricted	36,450	13,605	178,473	171,103	1,334,974					
Federal and State Aid not Restricted	8,850,460	8,094,837	9,317,956	8,424,962	5,509,318	763,527	1,346,151	1,604,800	1,477,037	1,510,302
Tuition	73,332	58,892	92,089	99,691	74,609					
Prior Year Accounts Payable Cancelled									98,740	
Miscellaneous Income	5,109,583	1,745,115	1,195,290	2,923,039	1,257,199	286,554	454,293	474,576	2,177,858	938,497
Transfers	(12,000)	(117,750)	(50,000)	(100,000)	(50,000)	(394,567)	(115,000)	(166,215)	(100,830)	(92,321)
Total Governmental Activities	<u>97,323,561</u>	<u>103,305,008</u>	<u>107,592,960</u>	<u>111,374,169</u>	<u>109,763,614</u>	<u>98,165,212</u>	<u>99,195,142</u>	<u>99,422,859</u>	<u>105,144,891</u>	<u>108,060,486</u>
Business-Type Activities:										
Investment Earnings						227	242	187	190	247
Miscellaneous	3,123	3,062	707	262	317				105,165	
Allowance for Doubtful Accounts									(75,000)	
Prior Year Accounts Payable Cancelled							107,215	895		
Transfers	12,000	117,750	50,000	100,000	50,000	394,567	115,000	166,215	100,830	92,321
Total Business-Type Activities	<u>15,123</u>	<u>120,812</u>	<u>50,707</u>	<u>100,262</u>	<u>50,317</u>	<u>394,794</u>	<u>222,457</u>	<u>167,297</u>	<u>131,185</u>	<u>92,568</u>
Total District-Wide	<u>\$ 97,338,684</u>	<u>\$ 103,425,820</u>	<u>\$ 107,643,667</u>	<u>\$ 111,474,431</u>	<u>\$ 109,813,931</u>	<u>\$ 98,560,006</u>	<u>\$ 99,417,599</u>	<u>\$ 99,590,156</u>	<u>\$ 105,276,076</u>	<u>\$ 108,153,054</u>
Change in Net Position:										
Governmental Activities	\$ 1,399,898	\$ 4,337,953	\$ 3,046,983	\$ 2,503,566	\$ 4,308,881	\$ 649,786	\$ (560,069)	\$ (7,168,308)	\$ (2,436,805)	\$ (1,340,397)
Business-Type Activities	26,408	8,931	64,855	57,917	(27,316)	76,341	121,793	(47,736)	75,844	(95,048)
Total District	<u>\$ 1,426,306</u>	<u>\$ 4,346,884</u>	<u>\$ 3,111,838</u>	<u>\$ 2,561,483</u>	<u>\$ 4,281,565</u>	<u>\$ 726,127</u>	<u>\$ (438,276)</u>	<u>\$ (7,216,044)</u>	<u>\$ (2,360,961)</u>	<u>\$ (1,435,445)</u>

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved/Restricted	\$ 2,391,583	\$ 3,709,782	\$ 4,254,554	\$ 4,069,255	\$ 7,119,798	\$ 10,004,894	\$ 9,068,839	\$ 5,388,270	\$ 2,021,071	\$ 2,013,090
Assigned					42,233	1,093,339	1,587,304	2,843,119	724,878	989,770
Unassigned					959,014	2,289,349	1,572,302	136,498	1,766,252	1,674,878
Unreserved	<u>3,355,755</u>	<u>1,932,723</u>	<u>2,051,191</u>	<u>2,044,532</u>	<u>2,641,752</u>					
Total General Fund	<u>\$ 5,747,338</u>	<u>\$ 5,642,505</u>	<u>\$ 6,305,745</u>	<u>\$ 6,113,787</u>	<u>\$ 10,762,797</u>	<u>\$ 13,387,582</u>	<u>\$ 12,228,445</u>	<u>\$ 8,367,887</u>	<u>\$ 4,512,201</u>	<u>\$ 4,677,738</u>
All Other Governmental Funds:										
Reserved/Restricted	\$ 43,233,265	\$ 45,188,194	\$ 34,191,609	\$ 20,953,322	\$ 5,345,706	\$ 1,713,562	\$ 2,201,402	\$ 47,603	\$ 56,803	\$ 24,261
Unassigned/(Deficit)	<u>(50,613)</u>	<u>(65,013)</u>							<u>1,108,168</u>	<u>(188,987)</u>
Total All Other Governmental Funds	<u>\$ 43,182,652</u>	<u>\$ 45,123,181</u>	<u>\$ 34,191,609</u>	<u>\$ 20,953,322</u>	<u>\$ 5,345,706</u>	<u>\$ 1,713,562</u>	<u>\$ 2,201,402</u>	<u>\$ 47,603</u>	<u>\$ 1,164,971</u>	<u>\$ (164,726)</u>
Total All Funds	<u>\$ 48,929,990</u>	<u>\$ 50,765,686</u>	<u>\$ 40,497,354</u>	<u>\$ 27,067,109</u>	<u>\$ 16,108,503</u>	<u>\$ 15,101,144</u>	<u>\$ 14,429,847</u>	<u>\$ 8,415,490</u>	<u>\$ 5,677,172</u>	<u>\$ 4,513,012</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 84,222,443	\$ 88,163,461	\$ 93,005,952	\$ 96,869,014	\$ 101,103,844	\$ 97,509,698	\$ 97,509,698	\$ 97,509,698	\$ 101,492,086	\$ 105,704,008
Miscellaneous	5,182,915	1,804,007	1,287,379	1,232,188	1,331,808	1,071,246	4,373,995	1,590,795	4,582,287	3,262,815
State Sources	20,419,641	20,398,827	17,211,871	16,203,619	14,519,845	16,138,462	18,668,742	17,469,858	18,966,267	21,031,329
Federal Sources	2,105,082	2,270,185	2,630,977	3,819,485	3,803,276	3,191,557	2,291,588	3,114,493	2,587,313	2,737,851
Total Revenue	111,930,081	112,636,480	114,136,179	118,124,306	120,758,773	117,910,963	122,844,023	119,684,844	127,627,953	132,736,003
Expenditures:										
Instruction:										
Regular Instruction	36,220,355	37,065,767	38,165,378	38,747,421	37,773,061	36,968,473	37,940,996	37,230,553	39,336,934	37,622,800
Special Education Instruction	7,837,702	8,207,685	8,234,960	8,418,340	8,522,680	10,230,542	10,449,884	11,265,160	9,531,955	10,158,894
Other Instruction	1,086,708	856,984	825,533	1,045,867	989,830	1,539,649	1,832,553	1,885,558	2,061,075	2,004,902
School-Sponsored Instruction	3,135,195	2,417,179	2,368,460	2,426,083	1,766,670	1,434,414	1,410,772	1,491,489	1,470,382	1,391,942
Support Services:										
Tuition	3,715,887	4,468,012	4,947,698	5,436,746	4,243,051	4,783,313	5,099,446	4,908,073	4,745,980	5,121,501
Student and Instruction Related Services	14,011,907	15,387,037	16,303,998	17,363,672	15,793,369	15,027,478	17,346,129	18,492,787	21,224,914	22,622,671
Central Services						1,257,133	1,250,862	1,423,763	1,399,045	1,990,035
Administrative Information Technology	1,406,141	1,413,583	1,472,998	1,459,796	1,487,707	272,669	268,544	713,418	725,469	4,612,683
General Administrative Services	1,685,832	1,307,863	1,525,255	1,493,039	1,319,028	1,627,834	1,917,706	1,833,498	2,172,875	1,310,991
School Administrative Services	4,280,609	4,381,834	4,352,858	4,832,265	4,329,703	4,188,259	4,310,048	4,574,757	4,505,564	843,050
Plant Operations And Maintenance	7,816,735	8,257,975	8,160,387	8,265,274	8,054,912	7,898,069	7,858,131	8,035,186	7,856,149	7,803,481
Pupil Transportation	4,411,698	4,190,513	4,375,929	4,355,617	4,121,369	4,245,329	4,587,314	4,519,707	4,643,965	4,708,140
Unallocated Benefits	22,471,817	23,990,064	22,102,949	23,878,661	25,960,512	24,358,225	25,808,190	26,020,243	27,210,100	29,818,675
Special Schools	433,847	460,545	475,316	485,903	462,743	503,306	477,788	402,760	156,178	
Transfer to Charter Schools					19,292	21,582		7,204	10,420	10,448
Capital Outlay	9,203,425	3,624,841	14,895,992	18,022,769	6,180,917	4,167,480	2,841,957	2,728,830	3,515,868	4,098,791
Total Expenditures	117,687,858	116,029,882	128,207,711	136,231,453	121,024,844	118,523,755	123,400,320	125,532,986	130,566,873	134,119,004
Excess/(Deficiency) Of Revenues										
Over/(Under) Expenditures	(5,757,777)	(3,393,402)	(14,071,532)	(18,107,147)	(266,071)	(612,792)	(556,297)	(5,848,142)	(2,938,920)	(1,383,001)
Other Financing Sources/(Uses):										
Type I School Debt Authorization	4,381,520	5,346,848	3,853,200	2,986,360	533,670					
Prior Year Accounts Payable Cancelled				1,790,542						
Capital Leases (Non-Budgeted)									301,432	269,429
Transfers In								68,771	2,384,926	11,215
Transfers Out	(12,000)	(117,750)	(50,000)	(100,000)	(50,000)	(394,567)	(115,000)	(234,986)	(2,485,756)	(61,803)
Total Other Financing Sources/(Uses)	4,369,520	5,229,098	3,803,200	4,676,902	483,670	(394,567)	(115,000)	(166,215)	200,602	218,841
Net Change In Fund Balances	\$ (1,388,257)	\$ 1,835,696	\$ (10,268,332)	\$ (13,430,245)	\$ 217,599	\$ (1,007,359)	\$ (671,297)	\$ (6,014,357)	\$ (2,738,318)	\$ (1,164,160)
Debt Service As A Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Exhibit J-5

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Other	Total
2007	\$ 665,168	\$ 73,332	\$ 94,000	\$ 54,648	\$ 635,469	\$ 1,522,617
2008	632,360	58,892	144,255	8,973	641,860	1,486,340
2009	196,962	92,089	94,037	7,938	657,590	1,048,616
2010	60,553	99,691	107,163	13,317	645,830	926,554
2011	57,265	74,609	113,311	777	710,686	956,648
2012	60,563	64,983	95,093	45,826	543,877	810,342
2013	46,645	73,144	129,622	161,535	526,640	937,586
2014	59,993	67,944	107,772	202,391	440,865	878,965
2015	37,710	58,083	125,326	1,896,152 *	326,129	2,443,400
2016	43,155	41,743	41,057	651,887 *	202,142	979,984

* - Includes a refund from Horizon Blue Cross

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	\$ 11,377,000	\$ 2,395,985,200	\$ 231,870,100	\$ 1,955,700	\$ 132,385,100	\$ 2,773,573,100	\$ 3,951,186	\$ 2,777,524,286	\$ 3.17	\$ 6,160,834,306
2007	* 33,557,800	6,371,937,400	703,802,500	5,584,200	295,040,500	7,409,922,400	8,747,827	7,418,670,227	1.25	7,233,011,190
2008	29,798,800	6,307,313,300	692,664,300	5,137,000	289,648,900	7,324,562,300	10,545,776	7,335,108,076	1.33	7,391,201,056
2009	28,004,100	6,313,361,900	691,217,100	5,059,900	286,659,800	7,324,302,800	12,373,331	7,336,676,131	1.38	7,380,393,793
2010	27,591,400	6,303,710,350	692,606,250	5,059,900	282,541,400	7,311,509,300	12,443,626	7,323,952,926	1.44	7,391,363,685
2011	26,808,200	6,190,707,050	672,102,250	5,059,900	274,447,400	7,169,124,800	12,016,628	7,181,141,428	1.42	6,956,465,593
2012	* 16,130,300	4,900,422,400	590,234,900	4,539,500	252,992,300	5,764,319,400	11,362,189	5,775,681,589	1.79	6,881,985,278
2013	16,472,400	4,894,705,110	588,899,400	4,539,500	252,173,500	5,756,789,910	9,368,010	5,766,157,920	1.80	6,603,712,425
2014	16,727,600	4,879,173,310	584,383,400	4,539,200	249,503,700	5,734,327,210	8,380,841	5,742,708,051	1.87	6,519,107,090
2015	17,538,800	4,883,842,510	577,300,700	4,539,200	246,801,000	5,730,022,210	7,948,928	5,737,971,138	1.97	6,746,283,622

*- The Township completed a revaluation in 2007 and 2012.

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

Exhibit J-7

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

Year Ended December 31,	Montclair Township School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate			Montclair Township	Essex County	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct			
2005	\$ 2.97		\$ 2.97	\$ 1.16	\$ 0.96	\$ 5.09
2006	3.17		3.17	1.22	0.97	5.36
2007	1.25 *	*	1.25 *	0.53 *	0.37 *	2.15
2008	1.33		1.33	0.59	0.38	2.30
2009	1.38		1.38	0.61	0.40	2.39
2010	1.44		1.44	0.67	0.41	2.52
2011	1.42		1.42	0.72	0.42	2.56
2012	1.79 *	*	1.79 *	0.92 *	0.54 *	3.25
2013	1.80		1.80	0.94	0.56	3.30
2014	1.87		1.87	0.94	0.59	3.41
2015	1.97		1.97	0.95	0.61	3.53

*- The Township completed a revaluation in 2007 and 2012.

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

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

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

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

2016			2007		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Rockcliff Apartments	\$ 15,146,300	0.22 %	Lackawanna Associates	\$ 20,543,700	0.28 %
Lackawanna Associates	13,487,000	0.20 %	Bellclaire, LLC	17,935,500	0.24 %
Hawthorne Towers Partnership	11,288,000	0.17 %	Hawthorne Towers Partnership	14,276,100	0.19 %
Princeton Bank & Industry Constg. Group	10,732,400	0.16 %	Princeton BK & Industry Constg. Group	13,700,400	0.19 %
Bellclaire, LLC	10,649,300	0.16 %	Rockcliff Apartments	12,236,500	0.17 %
Richard Grabowsky, LLC	9,674,600	0.14 %	45 Church Street Associates	9,665,700	0.13 %
Orange Pavillion, LLC	9,250,000	0.14 %	Orange Pavillion	9,260,100	0.13 %
39-51 Church Street Association	8,500,000	0.12 %	Richard Grabowsky, LLC	8,525,100	0.12 %
Bank of America	7,957,100	0.12 %	Gordonhurst Associates	8,474,200	0.12 %
First Montclair, LLC	7,841,300	0.12 %	Midland Realty Associates	7,355,400	0.10 %
Total	\$ 104,526,000	1.55 %		\$ 121,972,700	1.67 %

Source: Municipal Tax Assessor

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 84,222,443	\$ 84,222,443	100.00%	\$ -0-
2008	88,163,461	88,163,461	100.00%	-0-
2009	93,005,952	93,005,952	100.00%	-0-
2010	96,869,014	96,869,014	100.00%	-0-
2011	101,103,844	101,103,844	100.00%	-0-
2012	97,509,698	97,509,698	100.00%	-0-
2013	97,509,698	97,509,698	100.00%	-0-
2014	97,509,698	97,509,698	100.00%	-0-
2015	101,495,086	101,495,086	100.00%	-0-
2016	105,704,008	105,704,008	100.00%	-0-

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

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

Exhibit J-10

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2007				\$ -0-	0.00 %	\$ -0-
2008				-0-	0.00 %	-0-
2009				-0-	0.00 %	-0-
2010				-0-	0.00 %	-0-
2011				-0-	0.00 %	-0-
2012				-0-	0.00 %	-0-
2013				-0-	0.00 %	-0-
2014				-0-	0.00 %	-0-
2015		\$ 251,561		251,561	0.01 %	6.59
2016		370,546		370,546	0.02 %	9.70

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

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

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

Source: School District Financial Reports

Exhibit J-12

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Montclair	\$ 67,789,226	100.00%	\$ 67,789,226
Essex County General Obligation Debt	463,895,104	8.16%	<u>37,833,439</u>
Subtotal, Overlapping Debt			105,622,665
Montclair School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u><u>\$ 105,622,665</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Montclair Township
Equalized Valuation Basis	
2015	\$ 6,813,926,708
2014	6,724,117,273
2013	6,522,535,588
	\$20,060,579,569
Average Equalized Valuation of Taxable Property	\$ 6,686,859,856
Debt Limit (4% of Average Equalization Value) ^a	\$ 267,474,394
Net Bonded School Debt as of June 30, 2016	-0-
Legal Debt Margin	\$ 267,474,394

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt Limit	\$246,954,925	\$269,455,955	\$286,061,678	\$ 293,078,040	\$ 290,962,228
Total Net Debt Applicable to Limit	91,836,362	94,166,366	96,673,800	98,199,040	98,951,394
Legal Debt Margin	\$155,118,563	\$175,289,589	\$189,387,878	\$ 194,879,000	\$ 192,010,834
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	37.19%	34.95%	33.79%	33.51%	34.01%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$283,899,181	\$273,247,823	\$266,007,265	\$ 264,469,326	\$ 267,474,394
Total Net Debt Applicable to Limit	78,553,510	80,327,640	71,192,725	72,870,022	67,789,226
Legal Debt Margin	\$205,345,671	\$192,920,183	\$194,814,540	\$ 191,599,304	\$ 199,685,168
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	27.67%	29.40%	26.76%	27.55%	25.34%

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

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

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

Year	Population ^a	Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2006	36,679	\$ 1,746,910,733	\$ 47,627	3.60%
2007	36,765	1,837,441,170	49,978	3.20%
2008	36,839	1,880,225,721	51,039	3.90%
2009	37,317	1,852,191,978	49,634	6.60%
2010	37,675	1,938,303,400	51,448	6.80%
2011	37,726	2,019,774,588	53,538	6.80%
2012	37,851	2,077,225,029	54,879	6.70%
2013	37,912	2,059,304,016	54,318	6.70%
2014	38,142	2,224,403,298	58,319	5.20%
2015	38,202	2,227,902,438	58,319 *	4.30%
2016	38,202 **	2,227,902,438 ***	58,319 *	N/A

* - Latest Essex County per capita personal income available (2014) was used for calculation purposes.

** - Latest population data available (2015) was used for calculation purposes.

***- Latest available population data (2015) and latest available Essex County per capita personal income (2014) was used for calculation purposes.

N/A - Information not available

Source:

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

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

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

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

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

2016			2007		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

Source: Various Agencies of the Township

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	482.0	473.0	466.0	469.0	442.0	437.0	433.1	454.0	467.9	470.9
Special Education	125.0	110.0	110.0	112.0	112.0	114.0	147.9	163.0	143.6	141.8
Support Services:										
Student & Instruction Related Services	101.0	123.0	123.0	123.0	108.0	106.0	95.8	272.0	301.4	336.7
School Administrative Services	74.0	71.0	71.0	71.0	64.0	66.0	46.8	49.0	49.5	48.5
General and Business Administrative Services	6.0	6.0	6.0	6.0	5.0	6.0	5.7	4.0	3.0	3.0
Plant Operations and Maintenance	61.0	61.0	61.0	61.0	60.0	60.0	63.0	61.0	61.0	62.0
Pupil Transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.5
Business and Other Support Services	15.0	15.0	15.0	15.0	15.0	14.0	2.0	14.0	20.7	20.7
Total	<u>866.0</u>	<u>861.0</u>	<u>854.0</u>	<u>859.0</u>	<u>808.0</u>	<u>805.0</u>	<u>796.3</u>	<u>1,020.0</u>	<u>1,050.1</u>	<u>1,087.0</u>

Source: District Personnel Records

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	High				
2007	6,621	\$ 108,484,433	\$ 16,385	10.35 %	685	12.1:1	9.2:1	10.5:1	6,590	6,307	-0.24 %	95.71 %
2008	6,561	112,405,041	17,132	4.56 %	680	11.7:1	8.9:1	10.6:1	6,555	6,237	-0.53 %	95.15 %
2009	6,636	113,311,719	17,075	-0.33 %	679	11.5:1	8.7:1	10.6:1	6,636	6,304	1.24 %	95.00 %
2010	6,673	118,208,684	17,714	3.74 %	676	11.5:1	8.7:1	10.6:1	6,662	6,350	0.39 %	95.32 %
2011	6,645	114,843,927	17,283	-2.44 %	640	10.9:1	8.6:1	10.3:1	6,635	6,339	-0.41 %	95.54 %
2012	6,638	114,356,275	17,228	-0.32 %	637	12.8:1	8.5:1	10.0:1	6,638	6,352	0.05 %	95.69 %
2013	6,667	120,558,363	18,083	4.96 %	699	12.7:1	9.1:1	11.5:1	6,667	6,464	0.44 %	96.96 %
2014	6,736	122,804,156	18,231	0.82 %	704	10.4:1	7.7:1	10.2:1	6,736	6,445	1.03 %	95.68 %
2015	6,685	127,051,005	19,005	4.25 %	708	10.1:1	8.2:1	9.7:1	6,685	6,099	-0.76 %	91.23 %
2016	6,695	130,020,213	19,420	2.18 %	757	12.5:1	9.7:1	12.3:1	6,568	6,099	-1.75 %	92.86 %

Source: Montclair Township School District records

Note: Enrollment based on annual October district count.

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
Montclair High School										
Square Feet	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119
Capacity (students)	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631
Enrollment	1,958	1,981	1,981	1,962	1,972	1,952	1,966	1,981	1,946	2,018
Glenfield Middle School										
Square Feet	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281
Capacity (students)	704	704	704	704	704	704	704	704	704	704
Enrollment	625	668	668	689	702	717	711	678	680	649
Mount Hebron Middle School										
Square Feet	125,799	125,799	125,799	125,799	125,799	125,799	125,799	126,568	126,568	126,568
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	638	603	603	580	578	554	545	546	646	642
Renaissance Middle School										
Square Feet	38,722	38,722	38,722	38,722	38,722	38,722	38,722	37,167	37,167	37,167
Capacity (students)	245	245	245	245	345	345	345	345	345	345
Enrollment	237	242	242	251	243	253	262	269	276	284
Bradford Elementary School										
Square Feet	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	444	474	474	484	471	451	450	427	441	431
Bullock Elementary School										
Square Feet	N/A	N/A	N/A	N/A	84,017	84,017	84,017	84,017	84,017	84,017
Capacity (students)	N/A	N/A	N/A	N/A	550	550	550	550	550	550
Enrollment	N/A	N/A	N/A	N/A	399	433	442	384	481	463

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Edgemont Elementary School										
Square Feet	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	305	297	297	299	289	305	296	396	284	288
Hillside Elementary School										
Square Feet	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799
Capacity (students)	680	680	680	680	680	680	680	680	680	680
Enrollment	615	623	623	629	620	650	626	531	560	587
Nishuane Elementary School										
Square Feet	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440
Capacity (students)	663	663	663	663	663	663	663	663	663	663
Enrollment	567	521	521	521	479	479	469	467	489	458
Northeast Elementary School										
Square Feet	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549
Capacity (students)	380	380	380	380	380	380	380	380	380	380
Enrollment	421	403	403	426	442	456	448	442	441	436
Rand Elementary School										
Square Feet	38,722	38,722	38,722	38,722	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	345	345	345	345	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	366	317	317	355	N/A	N/A	N/A	N/A	N/A	N/A
Watchung Elementary School										
Square Feet	34,638	34,638	34,638	34,638	34,638	34,638	34,638	52,109	52,109	52,109
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	419	432	432	461	450	457	452	448	441	439

N/A- Not Applicable

Number of Schools at June 30, 2016

 Elementary = 8

 Middle School = 3

 High School = 1

Note: Enrollment is based on October District count.

Source: Montclair Township School District Facilities Office

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

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

School Facilities *	Projects #	2007	2008	2009	2010	2011
Bradford Elementary School	N/A	\$ 35,451	\$ 26,155	\$ 26,057	\$ 31,035	\$ 26,981
Bullock Elementary School	N/A					6,658
Edgemont Elementary School	N/A	26,084	17,228	19,472	23,866	19,498
Glenfield Middle School	N/A	56,072	46,288	14,205	80,054	71,614
Hillside Elementary School	N/A	62,047	50,539	40,561	40,557	51,563
Montclair High School	N/A	172,954	145,059	164,659	151,815	170,205
Mount Hebron Middle School	N/A	59,123	39,006	42,321	49,797	44,008
Nishuane Elementary School	N/A	27,503	28,924	29,289	26,891	38,097
Northeast Elementary School	N/A	25,840	30,629	25,692	20,972	46,597
Rand Elementary School	N/A	19,680	45,954	24,895	14,424	
Renaissance Middle School	N/A					27,319
Watchung Elementary School	N/A	34,166	28,710	25,025	30,828	36,402
		<u>\$ 518,920</u>	<u>\$ 458,492</u>	<u>\$ 412,176</u>	<u>\$ 470,239</u>	<u>\$ 538,942</u>

School Facilities *	Projects #	2012	2013	2014	2015	2016
Bradford Elementary School	N/A	\$ 43,151	\$ 39,659	\$ 37,641	\$ 35,946	\$ 23,657
Bullock Elementary School	N/A	41,767	50,835	68,502	41,652	31,932
Edgemont Elementary School	N/A	24,522	28,724	32,790	27,907	38,554
Glenfield Middle School	N/A	132,436	95,360	103,155	122,785	90,628
Hillside Elementary School	N/A	116,235	88,680	84,818	58,285	51,443
Montclair High School	N/A	294,124	305,909	266,067	279,625	277,444
Mount Hebron Middle School	N/A	114,523	111,671	34,966	12,693	135,193
Nishuane Elementary School	N/A	64,539	55,792	42,586	61,091	25,059
Northeast Elementary School	N/A	46,998	58,313	56,390	51,954	71,012
Rand Elementary School	N/A					
Renaissance Middle School	N/A	58,794	39,390	36,368	61,288	40,343
Watchung Elementary School	N/A	40,292	34,732	40,991	29,641	54,262
		<u>\$ 977,381</u>	<u>\$ 909,065</u>	<u>\$ 804,274</u>	<u>\$ 782,867</u>	<u>\$ 839,527</u>

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

Exhibit J-20

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
New Jersey Schools Insurance Group Insurance Package:		
Property - Blanket Building & Contents	\$ 251,425,088	\$ 10,000
Comprehensive General Liability	31,000,000	
Comprehensive Automobile Liability	31,000,000	1,000
School Leaders - Errors and Omissions	31,000,000	20,000
Electronic Data Processing	2,593,800	1,000
Boiler and Machinery - Property Damage	100,000,000	10,000
Public Employees' Faithful Performance Blanket Position Bond	1,000,000	1,000
Umbrella Liability Excess (Included in GL & AL limits)		
Excess Worker's Compensation -		
State National Insurance Company, Inc.:		
Workers Compensation	Statutory	
Employers Liability	1,000,000	
Self Insured Retention		500,000
Public Employees' Faithful Performance Bonds -		
Western Surety Company:		
Michael Zazzarino - Treasurer	450,000	
Travelers Casualty & Surety Company of America:		
Brian Fleischer - Business Administrator	100,000	
Flood		
High School Limit for Building & Contents each	500,000	2,000
Rand School Limit for Building & Contents each	500,000	1,250
Northeast School Limit for Building & Contents each	500,000	1,250
Student Accident Coverage - US Fire Insurance:		
Limit including all sports activities - Standard Plan	25,000	

Source: Montclair Township School District records.

SINGLE AUDIT SECTION



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 200 Valley Road, Suite 300
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Report on Internal Control Over Financial Reporting and
 on Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montclair Township School District, a component unit of the Township of Montclair, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

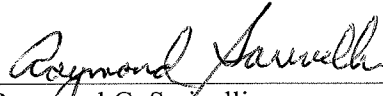
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

November 9, 2016
Mount Arlington, New Jersey

NISIVOCIA LLP



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



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Montclair Township School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

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

Report on Internal Control Over Compliance

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

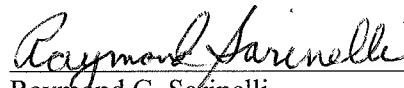
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

November 9, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2015			Repayment of Prior Years' Balances	Balance at June 30, 2016			Amount Provided to Subrecipients	
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue		Due to Grantor
U.S. Department of Education - Passed-through														
State Department of Education:														
Special Revenue Fund:														
Special Education Cluster:														
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3310-16	7/1/15	6/30/16	\$ 2,137,143			\$ 909,367	\$ (1,977,314)		\$ (1,067,947)			
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3310-15	7/1/14	6/30/15	2,110,682	\$ (367,092)		367,092						
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3310-14	7/1/13	6/30/14	1,922,402		\$ 7,013						\$ 7,013	
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-3310-13	9/1/12	8/31/13	1,636,133		34,413		\$ (34,413)					
I.D.E.A. - Part B, Preschool	84.173	IDEA-3310-16	7/1/15	6/30/16	58,109			6,159	(15,765)		(9,606)			
I.D.E.A. - Part B, Preschool	84.173	IDEA-3310-15	7/1/14	6/30/15	54,722		1,121						1,121	
Subtotal Special Education Cluster						(367,092)	42,547	1,282,618	(1,993,079)	(34,413)	(1,077,553)		8,134	
No Child Left Behind:														
Title I	84.010	NCLB-3310-16	7/1/15	6/30/16	575,123				(512,612)		(512,612)			
Title I	84.010	NCLB-3310-15	7/1/14	6/30/15	625,938	(207,819)		207,819						
Title I	84.010	NCLB-3310-14	7/1/13	6/30/14	691,069		497						497	
Title I	84.010	NCLB-3310-13	9/1/12	8/31/13	623,721		15,984		(15,984)					
Title II A	84.367A	NCLB-3310-16	7/1/15	6/30/16	200,822				(128,744)		(128,744)			
Title II A	84.367A	NCLB-3310-15	7/1/14	6/30/15	202,174	(43,110)		43,110						
Title II A	84.367A	NCLB-3310-13	9/1/12	8/31/13	149,492		727		(727)					
Title III - Immigrant	84.365A	NCLB-3310-16	7/1/15	6/30/16	1,646				(426)		(426)			
Total U.S. Department of Education						(618,021)	59,755	1,533,547	(2,634,861)	(51,124)	(1,719,335)		8,631	
U.S. Department of Agriculture - Passed-through														
State Department of Agriculture:														
Special Revenue Fund:														
National School Lunch Program (NSLP)														
School Equipment Assistance	10.579	NSLP-3310-16	10/1/15	9/30/17	41,733			41,733	(41,733)					
Total U.S. Department of Agriculture								41,733	(41,733)					
Total Special Revenue Fund						(618,021)	59,755	1,575,280	(2,676,594)	(51,124)	(1,719,335)		8,631	
U.S. Department of Health and Human Services -														
Passed-through State Department of Human														
Services:														
Medicaid Assistance Program (SEMI)	93.778	N/A	7/1/15	6/30/16	119,678			96,900	(119,678)		(22,778)			
Total General Fund								96,900	(119,678)		(22,778)			
Total U.S. Department of Health and Human Services								96,900	(119,678)		(22,778)			

N/A - Not Available/Applicable

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2015			Repayment of Prior Years' Balances	Balance at June 30, 2016			Amount Provided to Subrecipients	
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue		Due to Grantor
U.S. Department of Agriculture - Passed-through State Department of Agriculture:														
Child Nutrition Cluster:														
School Breakfast Program	10.553	N/A	7/1/15	6/30/16	\$ 87,576			\$ 67,134	\$ (87,576)		\$ (20,442)			
School Breakfast Program	10.553	N/A	7/1/14	6/30/15	82,186	\$ (16,865)		16,865						
National School Lunch Program	10.555	N/A	7/1/15	6/30/16	369,722			297,864	(369,722)		(71,858)			
National School Lunch Program	10.555	N/A	7/1/14	6/30/15	399,555	(75,552)		75,552						
Federal Food Distribution Program	10.555	N/A	7/1/15	6/30/16	82,067			82,067	(72,004)		\$ 10,063			
Federal Food Distribution Program	10.555	N/A	7/1/15	6/30/16	94,547	7,973			(7,973)					
Subtotal Child Nutrition Cluster						(84,444)		539,482	(537,275)		(92,300)	10,063		
Total U.S. Department of Agriculture						(84,444)		539,482	(537,275)		(92,300)	10,063		
TOTAL FEDERAL AWARDS						\$ (702,465)	\$ 59,755	\$ 2,211,662	\$ (3,333,547)	\$ (51,124)	\$ (1,834,413)	\$ 10,063	\$ 8,631	\$ -0-

N/A - Not Available/Applicable

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2015				Prior Year Encumbrances Canceled	Balance Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2016		MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:																
General Fund:																
Special Education Categorical Aid	16-495-034-5120-089	7/1/15	6/30/16	\$ 4,171,264												
Special Education Categorical Aid	15-495-034-5120-089	7/1/14	6/30/15	4,171,264	\$ (407,763)			\$ 3,774,698	\$ (4,171,264)					\$ 396,566	\$ 4,171,264	
Transportation Aid	16-495-034-5120-014	7/1/15	6/30/16	1,164,526				1,053,813	(1,164,526)					110,713	1,164,526	
Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	1,164,526	(113,838)			113,838								
Categorical Security Aid	16-495-034-5120-084	7/1/15	6/30/16	747,557				676,486	(747,557)					71,071	747,557	
Categorical Security Aid	15-495-034-5120-084	7/1/14	6/30/15	747,557	(73,078)			73,078								
Adjustment Aid	16-495-034-5120-085	7/1/15	6/30/16	503,304				455,455	(503,304)					47,849	503,304	
Adjustment Aid	15-495-034-5120-085	7/1/14	6/30/15	503,304	(49,201)			49,201								
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15	6/30/16	68,020				61,553	(68,020)					6,467	68,020	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14	6/30/15	68,020	(6,649)			6,649								
PARCC Readiness Aid	16-495-034-5120-098	7/1/15	6/30/16	68,020				61,553	(68,020)					6,467	68,020	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14	6/30/15	68,020	(6,649)			6,649								
Extraordinary Special Education Costs Aid	16-495-034-5120-044	7/1/15	6/30/16	573,293					(573,293)			\$ (573,293)		573,293	573,293	
Extraordinary Special Education Costs Aid	15-495-034-5120-044	7/1/14	6/30/15	469,850	(469,850)			469,850								
Nonpublic School Transportation Costs	16-495-034-5120-014	7/1/15	6/30/16	49,764					(49,764)			(49,764)		49,764	49,764	
Nonpublic School Transportation Costs	15-495-034-5120-014	7/1/14	6/30/15	53,070	(53,070)			53,070								
TPAF Social Security Aid	16-495-034-5094-003	7/1/15	6/30/16	3,902,218				3,707,075	(3,902,218)			(195,143)		195,143	3,902,218	
TPAF Social Security Aid	15-495-034-5094-003	7/1/14	6/30/15	4,026,825	(199,365)			199,365								
Total General Fund State Aid					(1,379,463)			11,170,096	(11,247,966)			(818,200)		1,457,333	11,247,966	
Special Revenue Fund:																
NJ Nonpublic Aid:																
Textbook Aid (Chapter 194)	16-100-034-5120-064	7/1/15	6/30/16	93,986				93,986	(89,901)				\$ 4,085		89,901	
Textbook Aid (Chapter 194)	15-100-034-5120-064	7/1/14	6/30/15	100,809		\$ 7,587				\$ 448	\$ (7,587)		448			
Textbook Aid (Chapter 194)	14-100-034-5120-064	7/1/13	6/30/14	91,655		678		678			(678)		678			
Nursing Services (Chapter 226)	16-100-034-5120-070	7/1/15	6/30/16	148,140				148,140	(148,140)						148,140	
Auxiliary Services (Chapter 192):																
Compensatory Education	16-100-034-5120-067	7/1/15	6/30/16	55,838				55,838	(52,198)				3,640		52,198	
Compensatory Education	15-100-034-5120-067	7/1/14	6/30/15	77,935		3,763					(3,763)					
English as a Second Language	16-100-034-5120-067	7/1/15	6/30/16	863				863	(690)				173		690	
English as a Second Language	15-100-034-5120-067	7/1/14	6/30/15	2,741		1,828					(1,828)					
Transportation	16-100-034-5120-067	7/1/15	6/30/16	24,495				24,495	(24,495)						24,495	
Home Instruction	16-100-034-5120-067	7/1/15	6/30/16	1,800					(1,800)			(1,800)		1,800	1,800	
Home Instruction	15-100-034-5120-067	7/1/14	6/30/15	9,706	(9,706)			9,706								
Handicapped Services (Chapter 193):																
Supplementary Instruction	16-100-034-5120-066	7/1/15	6/30/16	46,930				46,930	(46,480)				450		46,480	
Supplementary Instruction	15-100-034-5120-066	7/1/14	6/30/15	47,867		5,336					(5,336)					
Examination and Classification	16-100-034-5120-066	7/1/15	6/30/16	90,148				90,148	(78,490)				11,658		78,490	
Examination and Classification	15-100-034-5120-066	7/1/14	6/30/15	75,805		5,924					(5,924)					
Corrective Speech	16-100-034-5120-066	7/1/15	6/30/16	49,328				49,328	(20,315)				29,013		20,315	
Corrective Speech	15-100-034-5120-066	7/1/14	6/30/15	45,942		25,356					(25,356)					
Security Aid	16-100-034-5120-509	7/1/15	6/30/16	41,150				41,150	(40,685)				465		40,685	
Technology Initiative	16-100-034-5120-373	7/1/15	6/30/16	42,796				42,796	(42,264)				532		42,264	
Technology Initiative	15-100-034-5120-373	7/1/14	6/30/15	54,144		3,514					(3,514)					
Anti-Bullying Reimbursement	N/A	7/1/11	6/30/12	4,099								\$ (1,099)				
Total Special Revenue Fund					(8,607)	53,986		604,058	(545,458)	448	(1,099)	(53,986)	(1,800)	51,142	1,800	545,458

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2015			Prior Year Encumbrances Canceled	Balance Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2016		MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received				Budgetary Expenditures	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:															
Enterprise Fund:															
State School Lunch Program	16-100-010-3350-023	7/1/15	6/30/16	\$ 10,062							\$ (1,972)		\$ 1,972	\$ 10,062	
State School Lunch Program	15-100-010-3350-023	7/1/14	6/30/15	11,355	\$ (2,410)										
Total Enterprise Fund					(2,410)		10,500	(10,062)			(1,972)		1,972	10,062	
Schools Development Authority:															
Capital Projects Fund:															
Educational Facilities Construction & Financing Act	Various	7/1/14	6/30/17	990,572	(990,572)								990,572		
	Various		Various	7,257,997	(3,383,952)								3,383,952		
Total Capital Projects Fund					(4,374,524)								4,374,524		
TOTAL STATE AWARDS					<u>\$(5,765,004)</u>	<u>\$ 53,986</u>	<u>\$11,784,654</u>	<u>\$(11,803,486)</u>	<u>\$ 448</u>	<u>\$ (1,099)</u>	<u>\$ (53,986)</u>	<u>\$ (821,972)</u>	<u>\$ 51,142</u>	<u>\$ 5,835,629</u>	<u>\$11,803,486</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Township of Montclair School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$18,045 for the General Fund and \$(327,547) for the Special Revenue Fund (of which (\$193,342) is for local grants not reflected on the schedules of assistance). See Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards does not include the on-behalf TPAF Pension or Post Retirement Contributions revenue of \$4,243,184 and \$5,052,460 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 119,678	\$ 20,561,655	\$ 20,681,333
Special Revenue Fund	2,618,173	469,674	3,087,847
Food Service Fund	537,275	10,062	547,337
Total Financial Assistance	<u>\$ 3,275,126</u>	<u>\$ 21,041,391</u>	<u>\$ 24,316,517</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2016. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$8,248,569 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2015, \$3,874,045 has been expended and submitted for reimbursement and \$3,874,045 has been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement. The District did not submit for reimbursement any expenditures in the current fiscal year.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

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

	Federal CFDA/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Federal:				
Special Education Cluster:				
IDEA Part B, Basic	84.027	7/1/15-6/30/16	\$ 2,137,143	\$ 1,977,314
IDEA Part B, Preschool	84.173	7/1/15-6/30/16	58,109	15,765
State:				
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 4,171,264	\$ 4,171,264
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	747,557	747,557
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	503,304	503,304
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	68,020	68,020
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	68,020	68,020

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The District had no prior year audit findings.