

**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, 2017**

**Comprehensive Annual
Financial Report**

of the

Township of Montclair School District

Montclair, New Jersey

For the Fiscal Year Ended June 30, 2017

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, 2017

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, 2017, 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 2016-2017 fiscal year with an enrollment of 6,626 students, which is a decrease of 69 students from the previous year's enrollment.

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

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

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

3) MAJOR INITIATIVES: In the 2016-17 school year, the District continued to implement 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.

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, 2017.

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

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

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

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

The Honorable President and Members of
the Board of Education
Montclair School District
Page 4
November 9, 2017

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,



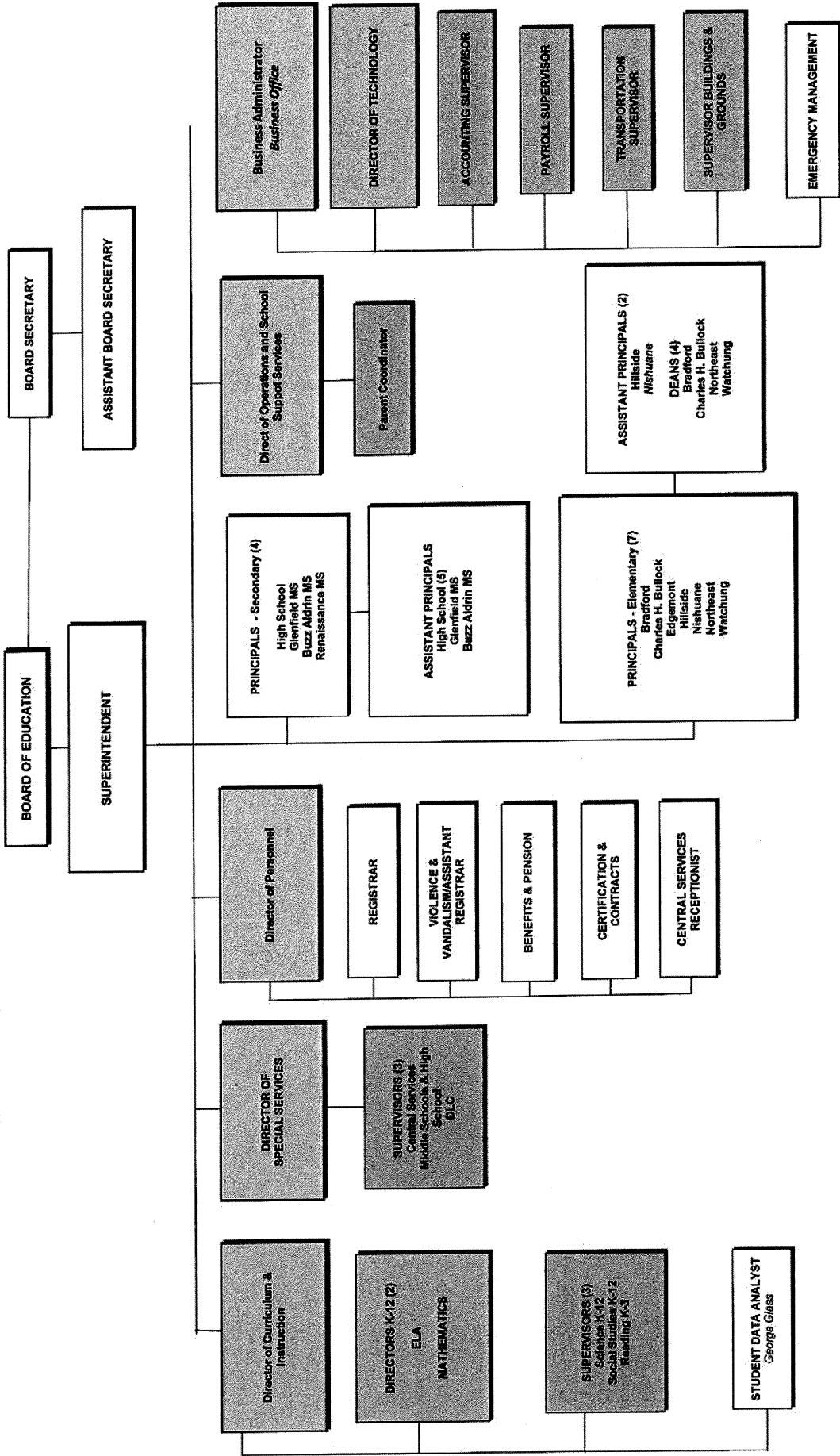
Barbara Pinsak
Superintendent (Interim)



Emidio D'Andrea
School Business Administrator/Board Secretary



**MONTCLAIR BOARD OF EDUCATION
TABLE OF ORGANIZATION
2016-2017**



**MONTCLAIR TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2017**

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

<u>Other Officers</u>	<u>Title</u>
Barbara Pinsak	Superintendent of Schools (Interim – 3/20/17)
Ronald Bolandi	Superintendent of Schools (Interim – To 3/14/17)
Andrea Del Guercio	Treasurer of School Monies (7/1/17)
Michael Zazzarino	Treasurer of School Monies (To 8/31/17)
Emidio D’Andrea	School Business Administrator/Board Secretary (8/1/17)
Steven DiGeronimo	School Business Administrator/Board Secretary (Interim – 11/1/16 – 7/31/17)
Ronald Bolandi	School Business Administrator/Board Secretary (Interim – 9/17/16 – 10/31/16)
Brian Fleisher	School Business Administrator/Board Secretary (To 9/16/16)

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

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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.

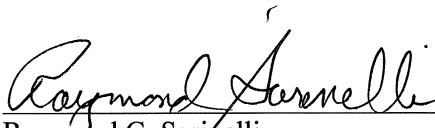
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017 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, 2017
Mount Arlington, New Jersey

NISIVOCIA LLP



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

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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(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, 2017. 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 \$3,245,043 or 9.51%.
- Overall revenue was \$166,388,670.
- Overall expenditures were \$169,633,713.

Overview of the Financial Statements

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

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

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

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

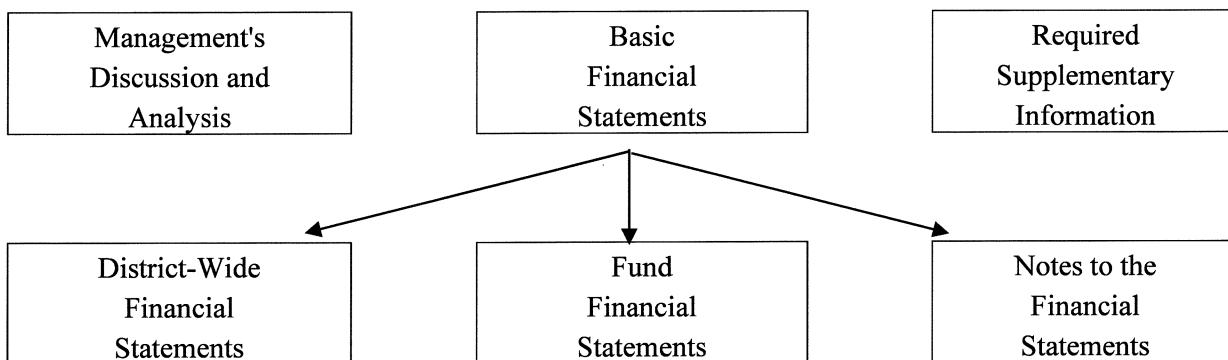


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(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, 2017
(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 \$30,887,535 on June 30, 2017, \$3,245,043 or 9.51% 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
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	
Current and Other							
Assets	\$ 8,530,514	\$ 9,623,722	\$ 717,032	\$ 646,784	\$ 9,247,546	\$ 10,270,506	-9.96%
Capital Assets, Net	70,558,265	69,615,373	271,779	281,029	70,830,044	69,896,402	1.34%
Total Assets	79,088,779	79,239,095	988,811	927,813	80,077,590	80,166,908	-0.11%
Deferred Outflows of Resources	16,577,615	8,199,647			16,577,615	8,199,647	102.17%
Other Liabilities	6,717,745	6,832,927	535,810	413,853	7,253,555	7,246,780	0.09%
Long-Term Liabilities	57,931,010	46,310,658			57,931,010	46,310,658	25.09%
Total Liabilities	64,648,755	53,143,585	535,810	413,853	65,184,565	53,557,438	21.71%
Deferred Inflows of Resources	799,972	676,539			799,972	676,539	18.24%
Net Position:							
Net Investment in Capital Assets	70,262,410	69,244,827	271,779	281,029	70,534,189	69,525,856	1.45%
Restricted	932,617	1,848,364			932,617	1,848,364	-49.54%
Unrestricted/(Deficit)	(40,760,493)	(37,474,573)	181,222	232,931	(40,579,271)	(37,241,642)	-8.96%
Total Net Position	\$30,434,534	\$33,618,618	\$ 453,001	\$ 513,960	\$30,887,535	\$34,132,578	-9.51%

Changes in Net Position. The District's *combined* net position decreased \$3,245,043 or 9.51%. Net position from governmental activities decreased by \$3,184,084 and net position from business-type activities decreased by \$60,959. Net investment in capital assets increased \$1,008,333 or 1.45% due to increases in capital assets and a net decrease in capital leases, offset by current fiscal year depreciation. Restricted net position decreased \$915,747 or 49.54% as a result of a \$1,238,190 net decrease in excess surplus and a \$179,730 decrease in restricted capital projects fund balance, offset by net increases in capital reserve of \$2,173 and maintenance reserve of \$500,000. Unrestricted net position decreased by \$3,337,629 or 8.96%.

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	
Revenue:							
Program Revenue:							
Charges for Services	\$ 47,311	\$ 41,743	\$ 779,468	\$ 622,650	\$ 826,779	\$ 664,393	24.44%
Grants and Contributions:							
Operating	50,727,530	38,048,010	542,509	547,337	51,270,039	38,595,347	32.84%
Capital	2,203,366	2,017,080			2,203,366	2,017,080	9.24%
General Revenue:							
Property Taxes	109,921,598	105,704,008			109,921,598	105,704,008	3.99%
Unrestricted Federal and State Aid	1,619,868	1,510,302			1,619,868	1,510,302	7.25%
Other	377,587	846,176	169,433	92,568	547,020	938,744	-41.73%
Total Revenue	164,897,260	148,167,319	1,491,410	1,262,555	166,388,670	149,429,874	11.35%
Expenses:							
Instruction	90,649,783	80,188,479			90,649,783	80,188,479	13.05%
Pupil and Instruction Services	43,910,753	39,017,835			43,910,753	39,017,835	12.54%
Administrative and Business	14,375,997	12,791,432			14,375,997	12,791,432	12.39%
Maintenance and Operations	11,127,101	10,270,734			11,127,101	10,270,734	8.34%
Transportation	5,542,086	4,850,939			5,542,086	4,850,939	14.25%
Other	2,475,624	2,388,297	1,552,369	1,357,603	4,027,993	3,745,900	7.53%
Total Expenses	168,081,344	149,507,716	1,552,369	1,357,603	169,633,713	150,865,319	12.44%
Increase/(Decrease) in Net Position	\$ (3,184,084)	\$ (1,340,397)	\$ (60,959)	\$ (95,048)	\$ (3,245,043)	\$ (1,435,445)	-126.07%

Revenue Sources. The District's total revenue for the 2016-2017 school year was \$166,388,670. (See Figure A-4). Property taxes accounted for most of the District's revenue with local taxes accounting for \$109,921,598 of the total, or 66.06% (See Figure A-5). Another 33.11% 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 2017**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 6,848,251	4.12%
Property Taxes	109,921,598	66.06%
Federal and State Categorical Grants	48,245,022	28.99%
Charges for Services	826,779	0.50%
Other	547,020	0.33%
	\$ 166,388,670	100.00%

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

The total cost of all programs and services was \$169,633,713. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (82.60 percent) (See Figure A-6). The District's administrative and business activities accounted for 8.47%. The Montclair Township School District operates 12 schools and an administration building which results in maintenance costs of 6.56 percent.

**Figure A-6
Sources of School District Expenses - Fiscal Year 2017**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 90,649,783	53.44%
Pupil and Instruction Services	43,910,753	25.89%
Administrative and Business	14,375,997	8.47%
Maintenance and Operations	11,127,101	6.56%
Transportation	5,542,086	3.27%
Other	4,027,993	2.37%
	<u>\$ 169,633,713</u>	<u>100.00%</u>

Governmental Activities

Net position from the District's governmental activities decreased by \$3,184,084 in 2016-2017. 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 66.06% of revenues for governmental activities.

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

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

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2016/2017</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2015/2016</u>
Instruction	\$ 90,649,783	\$ 80,188,479	\$ 59,340,443	\$ 56,453,865
Pupil and Instruction Services	43,910,753	39,017,835	31,637,714	29,898,814
Administrative and Business	14,375,997	12,791,432	10,770,228	10,335,593
Maintenance and Operations	11,127,101	10,270,734	6,722,282	6,782,322
Transportation	5,542,086	4,850,939	4,156,846	3,541,992
Other	2,475,624	2,388,297	2,475,624	2,388,297
	<u>\$ 168,081,344</u>	<u>\$ 149,507,716</u>	<u>\$ 115,103,137</u>	<u>\$ 109,400,883</u>

**Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Governmental Activities

- The cost of all governmental activities this fiscal year was \$168.081 million.
- The federal and state governments subsidized certain programs with operating grants and contributions (\$50.73 million).
- Most of the District’s costs, however, were financed by District taxpayers (\$109.922 million).
- A portion of governmental activities was financed with unrestricted state and federal grants and contributions (\$1.62 million).
- The remainder of funding came from charges for services and miscellaneous revenues (\$.425 million).

Business-Type Activities

- Net position from the District’s business-type activity decreased \$60,959. (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
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	
Land	\$ 5,187,355	\$ 5,187,355			\$ 5,187,355	\$ 5,187,355	0.00%
Site Improvements	2,510,494	2,778,188			2,510,494	2,778,188	-9.64%
Buildings and Building Improvements	60,564,996	60,099,186			60,564,996	60,099,186	0.78%
Machinery and Equipment	2,295,420	1,550,644	\$ 271,779	\$ 281,029	2,567,199	1,831,673	40.16%
Total Capital Assets, Net	\$ 70,558,265	\$ 69,615,373	\$ 271,779	\$ 281,029	\$ 70,830,044	\$ 69,896,402	1.34%

The District’s capital assets increased by \$933,642. Capital acquisitions were \$3,570,598 and were offset by total depreciation of \$2,636,956.

Long-Term Liabilities

At fiscal year-end, the District had \$2,875,147 in Compensated Absences Payable outstanding – a net decrease of \$72,649 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
	2016/2017	2015/2016	
Compensated Absences Payable	\$ 2,875,147	\$ 2,947,796	-2.46%
Net Pension Liability	54,760,008	42,992,316	27.37%
Capital Leases Payable	295,855	370,546	-20.16%
	\$ 57,931,010	\$ 46,310,658	25.09%

Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

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

The Audit for Fiscal Year 2017 reflects a strong financial position for the Montclair School District, which is supporting the current fiscal year (2017-2018) 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 2018-2019 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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 4,669,737	\$ 565,140	\$ 5,234,877
Receivables from Other Governments	1,902,082	36,936	1,939,018
Accounts Receivable - Other	461,697	7,521	469,218
Student Accounts Receivable (less allowance of \$109,656)		15,000	15,000
Internal Balances	(66,500)	66,500	
Interfund Receivable	319,506		319,506
Inventory		16,161	16,161
Prepaid Expenses		9,774	9,774
Restricted Cash and Cash Equivalents	1,243,992		1,243,992
Capital Assets:			
Sites (Land)	5,187,355		5,187,355
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	65,370,910	271,779	65,642,689
Total Assets	<u>79,088,779</u>	<u>988,811</u>	<u>80,077,590</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Changes in Assumptions - Pensions	11,198,946		11,198,946
Changes in Proportion - Pensions	589,495		589,495
Difference Between Expected and Actual Experience - Pensions	1,005,406		1,005,406
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,124,929		2,124,929
District Contribution Subsequent to the Measurement Date - Pensions	1,658,839		1,658,839
Total Deferred Outflows of Resources	<u>16,577,615</u>		<u>16,577,615</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
LIABILITIES:			
Accounts Payable	\$ 4,176,235	\$ 236,152	\$ 4,412,387
Accrued Liability for Health Benefit Claims	2,012,153		2,012,153
Unearned Revenue	241,095	299,658	540,753
Payable to State Government	71,395		71,395
Noncurrent Liabilities:			
Due Within One Year	170,080		170,080
Due Beyond One Year	57,760,930		57,760,930
Total Liabilities	64,431,888	535,810	64,967,698
DEFERRED INFLOWS OF RESOURCES:			
Changes in Proportions - Pensions	799,972		799,972
Total Deferred Inflows of Resources	799,972		799,972
NET POSITION:			
Net Investment in Capital Assets	70,262,410	271,779	70,534,189
Restricted for:			
Capital Projects	149,536		149,536
Maintenance Reserve	750,000		750,000
Excess Surplus	33,081		33,081
Unrestricted/(Deficit)	(40,760,493)	181,222	(40,579,271)
Total Net Position	\$ 30,434,534	\$ 453,001	\$ 30,887,535

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, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 67,195,905	\$ 40,739	\$ 19,115,258		\$ (48,039,908)		\$ (48,039,908)
Special Education	17,774,029		10,703,490		(7,070,539)		(7,070,539)
Other Special Instruction	3,418,485		883,228		(2,535,257)		(2,535,257)
School Sponsored Instruction	2,261,364		566,625		(1,694,739)		(1,694,739)
Support Services:							
Tuition	5,750,419		1,086,858		(4,663,561)		(4,663,561)
Student & Instruction Related Services	38,160,334		11,186,181		(26,974,153)		(26,974,153)
General Administrative Services	2,505,852		263,867		(2,241,985)		(2,241,985)
School Administrative Services	8,378,945		2,430,491		(5,948,454)		(5,948,454)
Central Services	2,258,488		625,924		(1,632,564)		(1,632,564)
Administrative Information Technology	1,232,712		285,487		(947,225)		(947,225)
Plant Operations and Maintenance	11,127,101		2,201,453	\$ 2,203,366	(6,722,282)		(6,722,282)
Pupil Transportation	5,542,086	6,572	1,378,668		(4,156,846)		(4,156,846)
Charter Schools	43,223				(43,223)		(43,223)
Unallocated Depreciation	2,432,401				(2,432,401)		(2,432,401)
Total Governmental Activities	168,081,344	47,311	50,727,530	2,203,366	(115,103,137)		(115,103,137)

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,280,854	\$ 524,296	\$ 542,509			\$ (214,049)	\$ (214,049)
Summer Programs	210,340	179,056				(31,284)	(31,284)
Provisional Teacher	61,175	41,460				(19,715)	(19,715)
Total Business-Type Activities	1,552,369	744,812	542,509		(265,048)	(265,048)	(265,048)
Total Primary Government	\$169,633,713	\$ 792,123	\$ 51,270,039	\$ 2,203,366	\$ (115,103,137)	\$ (265,048)	\$ (115,368,185)
 General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					109,921,598		109,921,598
Federal and State Aid Not Restricted					1,619,868		1,619,868
Investment Earnings					56,443	421	56,864
Miscellaneous Income					524,812		524,812
Transfers					(203,668)	203,668	
Total General Revenues and Transfers					111,919,053	204,089	112,123,142
Change in Net Position					(3,184,084)	(60,959)	(3,245,043)
Net Position - Beginning					33,618,618	513,960	34,132,578
Net Position - Ending					\$ 30,434,534	\$ 453,001	\$ 30,887,535

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, 2017

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 4,639,754		\$ 29,983	\$ 4,669,737
Interfund Receivable	965,081			965,081
Receivables From Federal Government		\$ 760,496		760,496
Receivables From State Government	1,141,586			1,141,586
Accounts Receivable - Other	461,697			461,697
Restricted Cash and Cash Equivalents	1,243,992			1,243,992
Total Assets	<u>\$ 8,452,110</u>	<u>\$ 760,496</u>	<u>\$ 29,983</u>	<u>\$ 9,242,589</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 2,340,526	\$ 176,870		\$ 2,517,396
Accrued Liability for Health Benefit Claims	2,012,153			2,012,153
Interfund Payable	66,500	271,136	\$ 374,439	712,075
Unearned Revenue		241,095		241,095
Payable to State Government		71,395		71,395
Total Liabilities	<u>4,419,179</u>	<u>760,496</u>	<u>374,439</u>	<u>5,554,114</u>
Fund Balances:				
Restricted/(Deficit):				
Capital Reserve	493,992			493,992
Maintenance Reserve	750,000			750,000
Excess Surplus	33,081			33,081
Capital Projects Fund			(372,589)	(372,589)
Committed:				
Capital Projects Fund			28,133	28,133
Assigned:				
Year-End Encumbrances	392,636			392,636
For Subsequent Year's Expenditures	100,000			100,000
Unassigned	2,263,222			2,263,222
Total Fund Balances/(Deficit)	<u>4,032,931</u>		<u>(344,456)</u>	<u>3,688,475</u>
Total Liabilities and Fund Balances	<u>\$ 8,452,110</u>	<u>\$ 760,496</u>	<u>\$ 29,983</u>	<u>\$ 9,242,589</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 \$103,637,706 and the accumulated depreciation is \$33,079,441.	70,558,265
Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,171,002)
The Net Pension Liabilities for PERS and Essex County Pension Fund are not Due and Payable in the Current Period and are not Reported in the Governmental Funds.	(54,760,008)
Certain Amounts Related to the Net Pension Liabilities are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	11,198,946
Changes in Proportion - Pensions	589,495
Difference Between Expected and Actual Experience - Pensions	1,005,406
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,124,929
Changes in Proportion - Pensions	(799,972)
Net Position of Governmental Activities	<u>\$ 30,434,534</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 109,921,598			\$ 109,921,598
Tuition from Individuals	40,739			40,739
Interest Earned on Capital Reserve Funds	2,173			2,173
Rents and Royalties	111,106			111,106
Miscellaneous	474,085	\$ 407,927	\$ 463	882,475
Total - Local Sources	110,549,701	407,927	463	110,958,091
State Sources	23,104,925	636,967		23,741,892
Federal Sources	170,271	2,577,574		2,747,845
Total Revenue	133,824,897	3,622,468	463	137,447,828
EXPENDITURES:				
Current:				
Regular Instruction	38,221,479	375,532		38,597,011
Special Education Instruction	9,615,391	689,176		10,304,567
Other Special Instruction	2,068,291			2,068,291
School Sponsored Instruction	1,392,876			1,392,876
Support Services and Undistributed Costs:				
Tuition	4,663,561	1,086,858		5,750,419
Student & Instruction Related Services	21,713,601	1,282,088		22,995,689
General Administration Services	2,081,026			2,081,026
School Administration Services	4,732,220			4,732,220
Central Services	1,342,054			1,342,054
Administration Information Technology	803,152			803,152
Plant Operations and Maintenance	7,935,925			7,935,925
Pupil Transportation	5,290,632			5,290,632
Unallocated Benefits	33,415,259			33,415,259
Capital Outlay	1,044,949	188,814	2,383,096	3,616,859
Charter School	43,223			43,223
Total Expenditures	134,363,639	3,622,468	2,383,096	140,369,203
(Deficiency) of Revenue (Under) Expenditures	(538,742)		(2,382,633)	(2,921,375)
OTHER FINANCING SOURCES/(USES):				
Capital Leases (Non-Budgeted)	97,140			97,140
Montclair Improvement Authorization			2,203,366	2,203,366
Transfers In	463			463
Transfers Out	(203,668)		(463)	(204,131)
Total Other Financing Sources/(Uses)	(106,065)		2,202,903	2,096,838
Net Change in Fund Balances	(644,807)		(179,730)	(824,537)
Fund Balance (Deficit)—July 1	4,677,738		(164,726)	4,513,012
Fund Balance (Deficit)—June 30	\$ 4,032,931	\$ -0-	\$ (344,456)	\$ 3,688,475

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, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (824,537)

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.

Depreciation expense	\$ (2,609,945)
Capital outlays	3,552,837
	942,892

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 (+).

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. (97,140)

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. 171,831

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	(11,767,692)
Changes in Assumptions	6,680,068
Changes in Proportion	(960,380)
Difference Between Expected and Actual Experience	1,565
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,596,660
	(3,449,779)
	\$ (3,184,084)

Total Change in Net Position - Governmental Activities (Exhibit A-2)

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>	<u>Non-Major</u>	<u>Business-Type</u>
	<u>Program</u>	<u>Funds</u>	<u>Activities</u>
			<u>Enterprise Funds</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 186,097	\$ 379,043	\$ 565,140
Intergovernmental Accounts Receivable:			
State	827		827
Federal	36,109		36,109
Accounts Receivable:			
Other	7,521		7,521
Student Accounts - (less allowance of			
\$109,656)	15,000		15,000
Interfund Receivable	66,500		66,500
Inventories	16,161		16,161
Prepaid Expenses		9,774	9,774
Total Current Assets	<u>328,215</u>	<u>388,817</u>	<u>717,032</u>
Non-Current Assets:			
Capital Assets	882,080		882,080
Less: Accumulated Depreciation	<u>(610,301)</u>		<u>(610,301)</u>
Total Non-Current Assets	<u>271,779</u>		<u>271,779</u>
Total Assets	<u>599,994</u>	<u>388,817</u>	<u>988,811</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	61,742	237,916	299,658
Accounts Payable	<u>235,107</u>	<u>1,045</u>	<u>236,152</u>
Total Liabilities	<u>296,849</u>	<u>238,961</u>	<u>535,810</u>
NET POSITION:			
Investment in Capital Assets	271,779		271,779
Unrestricted	<u>31,366</u>	<u>149,856</u>	<u>181,222</u>
Total Net Position	<u>\$ 303,145</u>	<u>\$ 149,856</u>	<u>\$ 453,001</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Fund Food Service Program	Non-Major Funds	Total Business-Type Activities Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales:			
Reimbursable Programs	\$ 382,803		\$ 382,803
Non-Reimbursable Programs	104,365		104,365
Total Daily Sales	487,168		487,168
Special Functions	37,128		37,128
Program Fees		\$ 179,056	179,056
Mentor Fees		41,460	41,460
Total Operating Revenue	524,296	220,516	744,812
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	424,879		424,879
Non-Reimbursable Programs	84,262		84,262
Total Cost of Sales	509,141		509,141
Salaries, Benefits & Payroll Taxes	507,061	246,870	753,931
Administrative Expenses	73,608	8,992	82,600
Supplies and Materials	76,386	15,653	92,039
Management Fee	81,304		81,304
Miscellaneous Expenses	6,343		6,343
Depreciation Expense	27,011		27,011
Total Operating Expenses	1,280,854	271,515	1,552,369
Operating (Loss)	(756,558)	(50,999)	(807,557)
Non-Operating Revenue:			
Local Sources:			
Interest Income	421		421
State Sources:			
State School Lunch Program	10,001		10,001
Federal Sources:			
School Breakfast Program	88,725		88,725
National School Lunch Program	362,501		362,501
Food Distribution Program	81,282		81,282
Total Non-Operating Revenue	542,930		542,930
Change in Net Position Before Transfer In	(213,628)	(50,999)	(264,627)
Transfer In - General Fund	203,668		203,668
Change in Net Position After Transfer In	(9,960)	(50,999)	(60,959)
Net Position - Beginning of Year	313,105	200,855	513,960
Net Position - End of Year	\$ 303,145	\$ 149,856	\$ 453,001

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Major Fund</u>		<u>Total</u>
	<u>Food Service</u>	<u>Non-Major</u>	<u>Business-Type</u>
	<u>Program</u>	<u>Funds</u>	<u>Activities</u>
			<u>Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 519,768	\$ 318,663	\$ 838,431
Receipts from Special Function	42,788		42,788
Payments to Employees		(246,845)	(246,845)
Payments to Food Service Provider	(1,102,471)		(1,102,471)
Payments to Suppliers	(50,846)	(15,563)	(66,409)
Other Payments		(8,992)	(8,992)
Net Cash Provided by/(Used for) Operating Activities	<u>(590,761)</u>	<u>47,263</u>	<u>(543,498)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(17,761)		(17,761)
Net Cash Used for Capital and Related Financing Activities	<u>(17,761)</u>		<u>(17,761)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	421		421
Net Cash Provided by Investing Activities	<u>421</u>		<u>421</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	518,563		518,563
Cash Received from Transfers - General Fund	137,168		137,168
Net Cash Provided by Noncapital Financing Activities	<u>655,731</u>		<u>655,731</u>
Net Increase in Cash and Cash Equivalents	47,630	47,263	94,893
Cash and Cash Equivalents, July 1	138,467	331,780	470,247
Cash and Cash Equivalents, June 30	<u>\$ 186,097</u>	<u>\$ 379,043</u>	<u>\$ 565,140</u>
Reconciliation of Operating (Loss) to Net Cash			
Provided by/(Used for) Operating Activities:			
Operating (Loss)	\$ (756,558)	\$ (50,999)	\$ (807,557)
Adjustment to Reconcile Operating (Loss)			
to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	27,011		27,011
Food Distribution Program	81,282		81,282
Allowance for Doubtful Student Accounts Receivable	-		-
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	40,316		40,316
(Increase) in Accounts Receivable - Students	(100)		(100)
Decrease in Inventory	3,367		3,367
(Increase) in Prepaid Expenses		(9,774)	(9,774)
Increase/(Decrease) in Unearned Revenue	(3,821)	107,921	104,100
Increase in Accounts Payable	17,742	115	17,857
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (590,761)</u>	<u>\$ 47,263</u>	<u>\$ (543,498)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$79,479 and utilized \$81,282 for the fiscal year ended June 30, 2017.

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
ASSETS:		
Cash and Cash Equivalents	\$ 912,543	\$ 476,012
Total Assets	<u>912,543</u>	<u>476,012</u>
LIABILITIES:		
Interfund Payable - General Fund	319,506	
Due to Student Groups	436,754	
Payroll Deductions and Withholdings	<u>156,283</u>	
Total Liabilities	<u>912,543</u>	
NET POSITION:		
Held in Trust for Unemployment Compensation Claims		<u>476,012</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 476,012</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee Contributions	\$ 194,973
Total Contributions	<u>194,973</u>
Investment Earnings:	
Interest	<u>1,550</u>
Net Investment Earnings	<u>1,550</u>
Total Additions	<u>196,523</u>
Deductions	
Unemployment Compensation Claims	<u>218,170</u>
Total Deductions	<u>218,170</u>
Change in Net Position	(21,647)
Net Position - Beginning of the Year	<u>497,659</u>
Net Position - End of the Year	<u><u>\$ 476,012</u></u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation

District-Wide Financial Statements:

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017
(Continued)

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

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017 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, 2017
(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	\$ 133,839,714	\$ 3,215,005
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		(34,544)
Prior Year Encumbrances		455,362
Prior Year Encumbrances Canceled		(13,355)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	639,133	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(653,950)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 133,824,897	\$ 3,622,468
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 134,363,639	\$ 3,215,005
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		(34,544)
Prior Year Encumbrances		455,362
Prior Year Encumbrances Canceled		(13,355)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 134,363,639	\$ 3,622,468

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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)	\$ 463	\$ 3,657,582
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	2,203,366	(4,002,038)
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds (GAAP Basis per Exhibit B-2)	\$ 2,203,829	\$ (344,456)

E. Cash and Cash Equivalents

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017 and 2016, the students' accounts receivable in the food service fund are stated net of an allowance for estimated uncollectible amounts of \$109,656 and \$75,000, respectively. The method used for estimating the allowance is based on analysis of aging receivables and historical data.

H. Encumbrances

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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:

	Useful Life
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, 2017, the amount earned by these employees but not disbursed was \$226,413 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, 2017
(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 \$4,032,931 General Fund fund balance at June 30, 2017, \$392,636 is assigned for encumbrances; \$493,992 is restricted in the capital reserve; \$750,000 is restricted in the maintenance reserve; \$33,081 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 will be appropriated and included as anticipated budget revenue for the year ending June 30, 2019; \$100,000 of assigned fund balance designated for subsequent year's expenditures, and \$2,263,222 is unassigned which is \$653,950 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 \$(372,589) deficit restricted fund balance and a \$28,133 committed fund balance at June 30, 2017 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, 2017 is \$33,081.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 \$653,950 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, 2017, with regard to pensions, for changes in assumptions, changes in proportion, the difference between expected and actual experience, the net difference between projected and actual investment earnings on plan investments, 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, 2017, with regard to pensions, for changes in proportion.

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, 2017
(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 \$40,760,493 in governmental activities, which is primarily a result of \$2,875,147 of compensated absences payable, net pension liability of \$54,760,008, changes in proportion of \$799,972, net of \$392,636 assigned for encumbrances and, with regard to pensions, changes in assumptions of \$11,198,946, changes in proportion of \$589,495, difference between expected and actual experience of \$1,005,406, and the net difference between projected and actual investment earnings on plan investments of \$2,124,929. The District's Capital Projects Fund has a deficit restricted fund balance of \$(372,589) as of June 30, 2017 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 on the budgetary basis at June 30, 2017.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances and designated for subsequent year's expenditures in the General Fund at June 30, 2017.

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, 2017

(Continued)

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

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

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

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

U. Operating Revenue and Expenses

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

V. Management Estimates

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

W. Pensions

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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, 2017
(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 Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (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 section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash</u> <u>Equivalents</u>	<u>Cash and Cash Equivalents</u>		
		<u>Capital</u> <u>Reserve</u> <u>Account</u>	<u>Maintenance</u> <u>Reserve</u> <u>Account</u>	<u>Total</u>
Checking and Savings Accounts	\$ 6,623,432	\$ 493,992	\$ 750,000	\$ 7,867,424

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$7,867,424 and the bank balance was \$11,324,025.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2016 to June 30, 2017 fiscal year is as follows:

Balance July 1, 2016	\$	491,819
Increased by:		
Interest Earnings		2,173
Balance June 30, 2017	\$	493,992

The balance in the capital reserve at June 30, 2017 did not exceed the balance of the local support costs of uncompleted capital projects in the District's approved LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2016 to June 30, 2017 fiscal year is as follows:

Balance July 1, 2016	\$	250,000
Increased by Board Resolution June 19, 2017		<u>500,000</u>
Balance June 30, 2017	\$	<u><u>750,000</u></u>

NOTE 6: TRANSFERS TO/FROM CAPITAL OUTLAY

During the year ended June 30, 2017, there was \$203,218 in transfers from 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, 2017
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
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	6,738,726			6,738,726
Buildings and Building Improvements	81,013,200	\$ 2,571,911		83,585,111
Machinery and Equipment	7,150,788	980,926	\$ (5,200)	8,126,514
Total Capital Assets Being Depreciated	<u>94,902,714</u>	<u>3,552,837</u>	<u>(5,200)</u>	<u>98,450,351</u>
Governmental Activities Capital Assets	<u>100,090,069</u>	<u>3,552,837</u>	<u>(5,200)</u>	<u>103,637,706</u>
Less Accumulated Depreciation for:				
Site Improvements	(3,960,538)	(267,694)		(4,228,232)
Buildings and Building Improvements	(20,914,014)	(2,106,101)		(23,020,115)
Machinery and Equipment	(5,600,144)	(236,150)	5,200	(5,831,094)
	<u>(30,474,696)</u>	<u>(2,609,945)</u>	<u>5,200</u>	<u>(33,079,441)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 69,615,373</u>	<u>\$ 942,892</u>	<u>\$ -0-</u>	<u>\$ 70,558,265</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 864,319	\$ 17,761		\$ 882,080
Less Accumulated Depreciation	<u>(583,290)</u>	<u>(27,011)</u>		<u>(610,301)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 281,029</u>	<u>\$ (9,250)</u>	<u>\$ -0-</u>	<u>\$ 271,779</u>

The District had active construction projects totaling \$31,527,858 with unexpended balances of \$3,657,582 as of June 30, 2017. The District had \$1,722,167 in outstanding construction commitments at June 30, 2017.

The increases totaling \$3,570,598 represent current fiscal year capitalized expenditures in the general fund, capital projects fund and the food service enterprise fund.

Depreciation expense was charged to governmental functions as follows:

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2016</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2017</u>
Compensated Absences Payable	\$ 2,947,796	\$ 100,319	\$ 172,968	\$ 2,875,147
Net Pension Liability	42,992,316	11,984,559	216,867	54,760,008
Capital Leases Payable	370,546	97,140	171,831	295,855
	<u>\$46,310,658</u>	<u>\$12,182,018</u>	<u>\$ 561,666</u>	<u>\$57,931,010</u>

A. Bonds Payable:

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

B. Capital Leases Payable:

The District has commitments to lease computer equipment and a school bus under four capital leases totaling \$668,001 of which \$372,146 has been liquidated as of June 30, 2017. The computer equipment leases are for four years and the school bus lease is for five years with the final payments occurring in fiscal years 2017-18, 2018-19, and 2020-21. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2017.

<u>Year</u>	<u>Amount</u>
2018	\$ 173,688
2019	88,288
2020	20,931
2021	20,931
	<u>303,838</u>
Less: Amount representing interest	<u>(7,983)</u>
Total future minimum lease payments	<u>\$ 295,855</u>

The current portion of capital leases payable at June 30, 2017 is \$170,080 and the long-term portion is \$125,775. Capital leases payable will be liquidated by the General Fund.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. There is no current portion of the compensated absences balance of the governmental funds in the current year; therefore, the entire \$2,875,147 represents the long-term liability balance of compensated absences and will be liquidated through the General Fund.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

C. Compensated Absences Payable: (Cont'd)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the Enterprise Funds.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$54,062,903. 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, 2017 is \$-0- and the long-term portion is \$697,105. 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/annrprts.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, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,621,653 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. 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, 2017, the District reported a liability of \$54,062,903 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 July 1, 2015 which was rolled forward to 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 0.1825%, which was an increase of 0.0049% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$5,146,859. At June 30, 2017, 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, 2017

(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)

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:			
2014	6.44 years	\$ 679,582	
2015	5.72 years	2,776,921	
2016	5.57 years	7,742,443	
Subtotal		11,198,946	
Changes in Proportion:			
2014	6.44 years	88,737	
2015	5.72 years	500,758	
2016	5.57 years		\$ 799,972
Subtotal		589,495	799,972
Difference Between Expected and Actual Experience:			
2015	5.72 years	770,444	
2016	5.57 years	234,962	
Subtotal		1,005,406	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years	(1,018,362)	
2015	5 years	651,541	
2016	5 years	2,428,289	
Subtotal		2,061,468	
District Contribution Subsequent to the Measurement Date - 2016			
	1 year	1,557,423	
		\$ 16,412,738	\$ 799,972

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 on the following page.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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)

Fiscal Year Ending June 30,	Total
2017	\$ 3,211,820
2018	3,211,820
2019	3,721,001
2020	3,126,185
2021	994,994
	\$ 14,265,820

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2017
(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, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 66,247,777	\$ 54,062,903	\$ 44,003,232

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/annrprts.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, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, 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 2017, the State of New Jersey contributed \$5,875,393 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$31,325,127.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$416,911,891. 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 July 1, 2015 which was rolled forward to 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 0.523%, which was a decrease of 0.018% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>416,911,891</u>
Total		<u>\$ 416,911,891</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$31,325,127 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 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	\$ 1,691,524,165	
2015	8.3 years	4,488,602,746	
2016	8.3 years	9,522,623,964	
Difference Between Expected and Actual Experience:			
2014	8.5 years		\$ 16,110,615
2015	8.3 years	277,221,464	
2016	8.3 years		118,421,979
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments:			
2014	5 years	(870,618,286)	
2015	5 years	577,926,182	
2016	5 years	<u>1,727,420,767</u>	
		<u>\$ 17,414,701,002</u>	<u>\$ 134,532,594</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, 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, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 497,885,967	\$ 416,911,891	\$ 350,786,108

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, 2017
(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 \$157,048 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$217,481 for the fiscal year ended June 30, 2017.

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 \$100,564 for fiscal year 2017.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017, the District reported a liability of \$697,105 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 2.43912%, which was a decrease of 0.08577% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$18,088. At June 30, 2017, the District reported deferred outflows of resources related to pension from the sources noted in the below table. For the fiscal year ended June 30, 2017, the District amortized the deferred outflow of resources at June 30, 2016 by the amount to be amortized for the fiscal year ended June 30, 2017 per the June 30, 2016 actuarial valuation. There were no deferred inflows of resources.

	Amortization Period	Deferred Outflows of Resources
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments:		
2015	5 years	\$ 17,259
2016	5 years	145,436
2017	5 years	(99,234)
Subtotal		63,461
District Contribution Subsequent to the Measurement Date	1 year	101,416
		\$ 164,877

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

Fiscal Year Ending June 30,	Total
2018	\$ 22,266
2019	22,265
2020	22,265
2021	16,512
2022	(19,847)
	\$ 63,461

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, 2017
(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

No changes to the actuarial assumptions as of June 30, 2016 are known as of June 30, 2017. Therefore, the actuarial assumptions as of June 30, 2016 were utilized for June 30, 2017.

Discount Rate

The discount rate used to measure the total pension liability was 6.50% as of June 30, 2016. No changes to the actuarial assumptions as of June 30, 2016 are known as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following page presents the District's proportionate share of the collective net pension liability as of June 30, 2017 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.

	June 30, 2017		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the Net Pension Liability	\$ 931,183	\$ 697,106	\$ 493,686

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

P.L. 1987, c.384 and P.L. 1990, c.6 required the 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. P.L. 2007, c.103 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial/2016divisioncombined.pdf>.

The State's on behalf Post-Retirement Medical Contributions for TPAF for the District amount to \$5,072,916, \$5,052,460 and \$4,396,024, for 2017, 2016, and 2015, respectively.

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	<u>\$ 328,998,652</u>
Net Position	<u>\$ 78,662,630</u>
Total Revenue	<u>\$ 131,811,793</u>
Total Expenses	<u>\$ 121,371,527</u>
Member Dividends	<u>\$ -0-</u>
Change in Net Position for the Year Ended June 30, 2017	<u>\$ 10,440,266</u>

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, 2017
(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>
2016-2017	\$ 1,550	\$ 194,973	\$ 218,170	\$ 476,012
2015-2016	929	203,482	179,080	497,659
2014-2015	945	185,697	230,656	472,328

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 965,081	\$ 66,500
Special Revenue Fund		271,136
Capital Projects Fund		374,439
Proprietary Funds - Food Service	66,500	
Fiduciary Funds - Payroll Agency		319,506
	<u>\$ 1,031,581</u>	<u>\$ 1,031,581</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, 2017
(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, state and local governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 15. TAX CALENDAR

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

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

The District has several pending lawsuits regarding unilateral placement of special education students. There is also an additional matter pending appeal where the District is confident it will prevail. In each of these cases, a negative result would 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, 2017
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation (Cont'd)

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

Encumbrances

At June 30, 2017, 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
\$ 392,636	\$ 34,544	\$ 1,722,167	\$ 2,149,347

On the District's Governmental Funds Balance Sheet as of June 30, 2017, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$34,544 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 \$1,722,167 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$(372,589) deficit restricted and \$28,133 committed fund balances on a GAAP basis at June 30, 2017.

NOTE 17. ACCOUNTS PAYABLE

At June 30, 2017, there were accounts payable as detailed below in the governmental funds and proprietary funds.

	Governmental Funds		District Contribution Subsequent to	Total
	General Fund	Special Revenue Fund	Measurement Date	Governmental Activities
Salaries	\$ 386,923	\$ 2,347		\$ 389,270
Vendors	1,774,644	29,002		1,803,646
Due to:				
Other Governmental Units	178,959	115,788	\$ 101,416	396,163
State of New Jersey		29,733	1,557,423	1,587,156
	\$ 2,340,526	\$ 176,870	\$ 1,658,839	\$ 4,176,235

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 18. ACCRUED LIABILITY FOR HEALTH BENEFIT CLAIMS

The accrued liability for health benefit claims represents an estimate of the ultimate net cost of all incurred but not reported ("IBNR") claims as of June 30, 2017.

NOTE 19. TAX ABATEMENTS

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

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

The Township of Montclair recognized revenue in the amount of \$2,383,910 from eleven payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2016 without the abatement would have been \$3,606,883 of which \$2,035,695 would have been for the local school tax.

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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

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

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

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

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

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.5211247883%	0.5122013557%	0.5299747611%
State's proportionate share of the net pension liability attributable to the District	\$ 278,524,239	\$ 323,733,129	\$ 416,911,891
District's covered employee payroll	\$ 52,752,552	\$ 54,991,616	\$ 54,689,497
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%	762.33%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

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

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

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's Proportion of the Net Pension Liability	2.3974085%	2.5248930%	2.4391226%
District's Proportionate Share of the Net Pension Liability	\$ 923,455	\$ 913,972	\$ 697,105
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	76.05%	75.39%	75.39%

* - Fiduciary Net Position Excludes an Amount Designated for Insurance Benefits of \$19,628,046 for the fiscal year ending June 30, 2015 and \$19,972,514 for the fiscal years ending June 30, 2016 and June 30, 2017.

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

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

	<u>Fiscal Year Ending June 30,</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 140,315	\$ 131,301	\$ 100,564
Contributions in Relation to the Contractually Required Contribution	<u>(140,315)</u>	<u>(131,301)</u>	<u>(100,564)</u>
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

	<u>As of June 30,</u>	
	<u>2016</u>	<u>2015</u>
Discount Rate	3.98%	4.90%
Municipal Bond Rate	2.85%	3.80%
Inflation Rate	3.08%	3.04%
Long-Term Expected Rate of Return on Pension Plan Investments	7.65%	7.90%
Salary Increases Based on Age:		
Through 2026	1.65% - 4.15%	
2012 - 2021		2.15% - 4.40%
Thereafter	2.65% - 5.15%	3.15% - 5.40%

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	<u>As of June 30,</u>	
	<u>2016</u>	<u>2015</u>
Discount Rate	3.22%	4.13%
Municipal Bond Rate	2.85%	3.80%
Long-Term Expected Rate of Return on Pension Plan Investments	7.65%	7.90%

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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

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

Benefit Changes

There were none.

Changes of Assumptions

The inflation rate changed from 2.30% as of June 30, 2015 to 2.00% as of June 30, 2016. The long-term expected rate of return on pension plan investments changed from 7.00% as of June 30, 2015 to 6.50% 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, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 109,921,598		\$ 109,921,598	\$ 109,921,598	
Tuition - From Individuals	50,000		50,000	40,739	\$ (9,261)
Interest Earned on Capital Reserve				2,173	2,173
Rents and Royalties	110,000		110,000	111,106	1,106
Unrestricted Miscellaneous Revenue	184,000		184,000	474,085	290,085
Total - Local Sources	110,265,598		110,265,598	110,549,701	284,103
State Sources:					
Transportation Aid	1,175,389		1,175,389	1,175,389	
Special Education Categorical Aid	4,231,151		4,231,151	4,231,151	
Adjustment Aid	503,304		503,304	503,304	
Security Aid	749,384		749,384	749,384	
Extraordinary Aid	400,000		400,000	887,577	487,577
PARCC Readiness Aid	68,020		68,020	68,020	
Per Pupil Growth Aid	68,020		68,020	68,020	
Professional Learning Community Aid	67,800		67,800	67,800	
Nonpublic Transportation Aid				50,634	50,634
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				5,072,916	5,072,916
Pension				5,875,393	5,875,393
Non-Contributory Insurance				212,879	212,879
Long-Term Disability Insurance				11,092	11,092
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,146,183	4,146,183
Total State Sources	7,263,068		7,263,068	23,119,742	15,856,674

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources:					
Medicaid Reimbursement	\$ 53,705		\$ 53,705	\$ 159,324	\$ 105,619
Medicaid Reimbursement SEMI/ARRA				10,947	10,947
Total Federal Sources	53,705		53,705	170,271	116,566
TOTAL REVENUES	117,582,371		117,582,371	133,839,714	16,257,343
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	1,595,435	\$ (63,576)	1,531,859	1,531,858	1
Grades 1-5 - Salaries of Teachers	13,347,961	232,531	13,580,492	13,580,485	7
Grades 6-8 - Salaries of Teachers	9,467,385	176,396	9,643,781	9,643,777	4
Grades 9-12 - Salaries of Teachers	10,588,618	(106,557)	10,482,061	10,482,058	3
Regular Programs - Home Instruction:					
Salaries of Teachers	189,000	(67,504)	121,496	121,496	
Purchased Professional-Educational Services	77,000	(8,204)	68,796	62,132	6,664
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	967,853	(58,340)	909,513	909,513	
Other Purchased Services (400-500 Series)	392,250	(37,672)	354,578	320,191	34,387
General Supplies	1,379,321	(233,510)	1,145,811	1,108,896	36,915
Textbooks	586,143	(124,615)	461,528	461,073	455
Total Regular Programs - Instruction	38,590,966	(291,051)	38,299,915	38,221,479	78,436
Special Education - Instruction					
Cognitive - Mild:					
Salaries of Teachers	78,938	9,873	88,811	88,811	
Total Cognitive - Mild	78,938	9,873	88,811	88,811	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 698,696	\$ (59,524)	\$ 639,172	\$ 639,171	\$ 1
Other Salaries for Instruction	29,062	(325)	28,737	28,737	
Total Learning and/or Language Disabilities	727,758	(59,849)	667,909	667,908	1
Behavioral Disabilities:					
Salaries of Teachers	125,577	230,564	356,141	356,140	1
General Supplies	20,000	(4,070)	15,930	15,930	
Total Behavioral Disabilities	145,577	226,494	372,071	372,070	1
Multiple Disabilities:					
Salaries of Teachers	184,893	(2,231)	182,662	182,662	
Other Salaries for Instruction	57,915	(4,905)	53,010	53,010	
Total Multiple Disabilities	242,808	(7,136)	235,672	235,672	
Resource Room/Resource Center:					
Salaries of Teachers	6,953,934	112,288	7,066,222	7,066,222	
Other Salaries for Instruction	113,104	12,311	125,415	125,414	1
General Supplies	36,166	(14,610)	21,556	21,536	20
Textbooks		4,991	4,991	4,991	
Total Resource Room/Resource Center	7,103,204	114,980	7,218,184	7,218,163	21
Autism:					
Salaries of Teachers	353,507	2,782	356,289	356,289	
General Supplies	9,480	(2,420)	7,060	7,059	1
Total Autism	362,987	362	363,349	363,348	1
Preschool Disabilities - Full-Time:					
Salaries of Teachers	385,369	18,354	403,723	403,723	
Total Preschool Disabilities - Full-Time	385,369	18,354	403,723	403,723	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Home Instruction:					
Salaries of Teachers	\$ 52,500	\$ 187,599	\$ 187,599	\$ 187,599	
Purchased Professional-Educational Services	52,500	25,597	78,097	78,097	
Total Home Instruction	9,099,141	213,196	265,696	265,696	
Total Special Education Instruction		516,274	9,615,415	9,615,391	\$ 24
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,237,893	3,190	1,241,083	1,241,081	2
General Supplies	6,000	(2,152)	3,848	3,848	
Total Basic Skills/Remedial - Instruction	1,243,893	1,038	1,244,931	1,244,929	2
Bilingual Education - Instruction:					
Salaries of Teachers	186,415	11,816	198,231	198,231	
General Supplies	500		500	500	
Total Bilingual Education - Instruction	186,915	11,816	198,731	198,731	
Vocational Programs - Local - Instruction:					
Salaries of Teachers	264,724	5,379	270,103	270,103	
General Supplies	15,000	(11,300)	3,700	2,684	1,016
Total Vocational Programs - Local - Instruction	279,724	(5,921)	273,803	272,787	1,016
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	261,670	24,533	286,203	286,203	
Purchased Services (300-500 series)	7,794	(4,450)	3,344	3,344	
Total School-Sponsored Cocurricular Activities - Instruction	269,464	20,083	289,547	289,547	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 828,686	\$ (18,230)	\$ 810,456	\$ 810,453	\$ 3
Purchased Services (300-500 Series)	124,662	(33,265)	91,397	90,494	903
Supplies and Materials	180,900	(13,274)	167,626	162,147	5,479
Other Objects	42,030	(1,795)	40,235	40,235	
Total School-Sponsored Cocurricular Athletics - Instruction	1,176,278	(66,564)	1,109,714	1,103,329	6,385
Before/After School Programs - Instruction:					
Salaries of Teachers		21,476	21,476	21,475	1
Other Salaries of Instruction	15,000	15,907	30,907	30,907	
Total Before/After School Programs - Instruction	15,000	37,383	52,383	52,382	1
Summer School - Instruction:					
Salaries of Teachers	57,300	19,077	76,377	76,377	
Other Purchased Services		10,275	10,275	10,275	
General Supplies	4,802	(3,840)	962	558	404
Total Summer School - Instruction	62,102	25,512	87,614	87,210	404
Summer School - Support Services:					
Salaries	3,698	3,585	7,283	7,283	
Total Summer School - Support Services	3,698	3,585	7,283	7,283	
Total Summer School	65,800	29,097	94,897	94,493	404
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	55,811	(18,790)	37,021	37,021	
Other Salaries for Instruction	25,000		25,000	25,000	
Purchased Professional and Technical Services	41,000	52,490	93,490	87,860	5,630
General Supplies	2,217	(2,157)	60	59	1
Total Other Supplemental/At-Risk Programs - Instruction	124,028	31,543	155,571	149,940	5,631

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Supplemental/At-Risk Programs - Support:					
Purchased Professional and Technical Services	\$ 5,000		\$ 5,000	\$ 5,000	
Purchased Services (400-500 series)	1,540	(1,540)			
Total Other Supplemental/At-Risk Programs - Support	6,540	(1,540)	5,000	5,000	
Total Other Supplemental/At-Risk Programs	130,568	30,003	160,571	154,940	\$ 5,631
Other Instructional Programs - Instruction:					
Salaries	36,390	(24,815)	11,575	11,575	
Purchased Services (300-500 series)	6,050	(6,050)			
Supplies and Materials	7,400	(2,101)	5,299	5,249	50
Total Other Instructional Programs - Instruction	49,840	(32,966)	16,874	16,824	50
Community Service Programs/Operations:					
Salaries	40,000		40,000	33,205	6,795
Total Community Service Programs/Operations	40,000		40,000	33,205	6,795
Total Instruction	51,147,589	249,192	51,396,781	51,298,037	98,744
Undistributed Expenditures:					
Instruction (Tuition):					
Tuition to Other LEAs Within the State - Regular	82,000	(22,500)	59,500	59,500	
Tuition to Other LEAs Within the State - Special	20,000	4,427	24,427	24,427	
Tuition to County Vocational School Districts - Regular	53,438	(33,341)	20,097	20,097	
Tuition to County Vocational School Districts - Special	46,165	(14,301)	31,864	31,864	
Tuition to CSSD and Regional Day Schools	349,008	(174,592)	174,416	174,416	
Tuition to Private Schools for the Disabled - Within State	3,889,440	427,011	4,316,451	4,316,451	
Tuition - State Facilities	36,806		36,806	36,806	
Total Undistributed Expenditures - Instruction (Tuition)	4,476,857	186,704	4,663,561	4,663,561	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Attendance and Social Work:					
Salaries	\$ 265,772	\$ (87,534)	\$ 178,238	\$ 178,238	
Unused Vacation Payment to Terminated/Retired Staff		3,989	3,989	3,989	
Purchased Professional and Technical Services	115,860	(11,973)	103,887	103,887	
Other Purchased Services (400-500 Series)	16,500	891	17,391	17,391	
Total Attendance and Social Work	<u>398,132</u>	<u>(94,627)</u>	<u>303,505</u>	<u>303,505</u>	
Health Services:					
Salaries	1,200,764	118,956	1,319,720	1,319,720	
Purchased Professional and Technical Services	320,000	(90,993)	229,007	224,056	\$ 4,951
Supplies and Materials	46,500	(10,678)	35,822	35,822	
Total Health Services	<u>1,567,264</u>	<u>17,285</u>	<u>1,584,549</u>	<u>1,579,598</u>	<u>4,951</u>
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	2,313,316	(77,103)	2,236,213	2,236,213	
Purchased Professional - Educational Services	592,500	(52,431)	540,069	539,569	500
Supplies and Materials	44,000	(11,553)	32,447	32,447	
Total Other Support Services - Speech, OT, PT & Related Services	<u>2,949,816</u>	<u>(141,087)</u>	<u>2,808,729</u>	<u>2,808,229</u>	<u>500</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	5,861,788	576,662	6,438,450	6,438,450	
Purchased Professional - Educational Services	675,000	278,016	953,016	947,834	5,182
Supplies and Materials	25,000	(7,667)	17,333	17,333	
Total Other Support Services - Students - Extraordinary Services	<u>6,561,788</u>	<u>847,011</u>	<u>7,408,799</u>	<u>7,403,617</u>	<u>5,182</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	\$ 2,517,061	\$ 171,677	\$ 2,688,738	\$ 2,688,738	
Salaries of Secretarial and Clerical Assistants	105,736	2,388	108,124	108,124	
Unused Vacation Payment to Terminated/Retired Staff		11,494	11,494	11,494	
Purchased Professional and Technical Services	2,000		2,000	2,000	
Supplies and Materials	45,051	5,383	50,434	50,434	
Total Other Support Services - Students - Guidance	2,669,848	190,942	2,860,790	2,860,790	
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	3,583,841	196,459	3,780,300	3,780,297	\$ 3
Salaries of Secretarial and Clerical Assistants	227,119	1,773	228,892	228,891	1
Purchased Professional - Educational Services	628,304	(104,978)	523,326	519,146	4,180
Other Purchased Services (400-500 Series)	17,000	1,639	18,639	18,251	388
Supplies and Materials	85,566	(35,284)	50,282	50,250	32
Total Other Support Services - Students - Child Study Team	4,541,830	59,609	4,601,439	4,596,835	4,604
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	1,401,928	(492,540)	909,388	909,388	
Salaries of Other Professional Staff	186,309	15,180	201,489	201,488	1
Salaries of Secretarial and Clerical Assistants	119,555	9,726	129,281	129,280	1
Unused Vacation Payment to Terminated/Retired Staff		26,694	26,694	26,694	
Purchased Professional - Educational Services	75,000	18,335	93,335	88,335	5,000
Other Purchased Services (400-500 Series)	7,699	(676)	7,023	7,023	
Supplies and Materials	25,000	15,971	40,971	40,971	
Total Improvement of Instruction Services	1,815,491	(407,310)	1,408,181	1,403,179	5,002

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 391,957	\$ 4,711	\$ 396,668	\$ 396,668	
Purchased Professional and Technical Services	29,000	(4,975)	24,025	24,025	
Supplies and Materials	26,018	(2,325)	23,693	23,693	
Total Educational Media Services/School Library	446,975	(2,589)	444,386	444,386	
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	176,375	10,956	187,331	187,331	
Salaries of Secretarial and Clerical Assistants	79,484	1,223	80,707	80,707	
Purchased Professional - Educational Services	14,400	17,850	32,250	32,250	
Other Purchased Services (400-500 Series)	11,863	825	12,688	11,162	\$ 1,526
Supplies and Materials	2,000	12	2,012	2,012	
Total Instructional Staff Training Services	284,122	30,866	314,988	313,462	1,526
Support Services - General Administration:					
Salaries	498,980	11,713	510,693	510,693	
Legal Services	419,741	17,667	437,408	394,814	42,594
Architectural/Engineering Services	33,845	12,919	46,764	37,815	8,949
Other Purchased Professional Services	3,500	128,966	132,466	116,515	15,951
Purchased Technical Services	91,500	(91,500)			
Communications/Telephone	280,200	(41,578)	238,622	238,070	552
BOE Other Purchased Services	4,086	3,989	8,075	7,989	86
Miscellaneous Purchased Services (400-500 Series, Other than 530 & 585)	6,825	2,489	9,314	9,314	
General Supplies	48,197	(4,803)	43,394	35,032	8,362
Judgments Against the School District	832,838	(104,884)	727,954	696,220	31,734
Miscellaneous Expenditures	34,186	(3,764)	30,422	30,422	
BOE Membership Dues and Fees	12,000	(7,858)	4,142	4,142	
Total Support Services - General Administration	2,265,898	(76,644)	2,189,254	2,081,026	108,228

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	\$ 2,890,624	\$ 10,674	\$ 2,901,298	\$ 2,901,297	\$ 1
Salaries of Other Professional Staff	160,000	19,453	179,453	179,452	1
Salaries of Secretarial and Clerical Assistants	1,529,419	46,841	1,576,260	1,576,259	1
Unused Vacation Payment to Terminated/Retired Staff		51,916	51,916	47,006	4,910
Purchased Professional and Technical Services	20,668	(3,617)	17,051	15,430	1,621
Other Purchased Services (400-500 Series)	7,000	(6,529)	471	389	82
Supplies and Materials	12,663	(276)	12,387	12,387	
Total Support Services - School Administration	4,620,374	118,462	4,738,836	4,732,220	6,616
Support Services - Central Services:					
Salaries	1,281,356	(87,255)	1,194,101	1,194,100	1
Unused Vacation Payment to Terminated/Retired Staff		17,325	17,325	17,325	
Miscellaneous Purchased Services (400-500 Series, Other than 594)	43,392	2,289	45,681	44,911	770
Supplies and Materials	95,899	(9,860)	86,039	85,718	321
Total Support Services - Central Services	1,420,647	(77,501)	1,343,146	1,342,054	1,092
Support Services - Administration Information Technology:					
Salaries	561,586	(25,203)	536,383	536,383	
Unused Vacation Payment to Terminated/Retired Staff		16,154	16,154	16,154	
Purchased Technical Services	212,455	3,038	215,493	208,836	6,657
Supplies and Materials	73,906	(23,284)	50,622	41,779	8,843
Total Support Services - Administration Information Technology	847,947	(29,295)	818,652	803,152	15,500
Required Maintenance of School Facilities:					
Salaries	344,951	2,899	347,850	347,844	6
Cleaning, Repair and Maintenance Services	424,675	247,557	672,232	452,023	220,209
General Supplies	138,788	22,556	161,344	121,942	39,402
Total Required Maintenance of School Facilities	908,414	273,012	1,181,426	921,809	259,617

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 3,050,199	\$ (206,427)	\$ 2,843,772	\$ 2,843,410	\$ 362
Purchased Professional and Technical Services	60,000	8,565	68,565	68,565	
Cleaning, Repair and Maintenance Services	990,724	(168,713)	822,011	780,197	41,814
Rental of Land and Buildings Other Than Lease Purchase Agreements	58,800	(28,199)	30,601	30,600	1
Other Purchased Property Services	120,750	20,465	141,215	141,215	
Insurance	744,450	(17,572)	726,878	726,878	
General Supplies	275,800	(20,976)	254,824	245,057	9,767
Energy (Natural Gas)	614,980	(178,642)	436,338	426,928	9,410
Energy (Electricity)	1,130,480	(172,444)	958,036	957,502	534
Energy (Oil)	1,000	(1,000)			
Energy (Gasoline)	25,000	25,000	25,000	1,506	23,494
Total Custodial Services	7,047,183	(739,943)	6,307,240	6,221,858	85,382
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	48,492	17,653	66,145	63,263	2,882
General Supplies	20,633	1,731	22,364	17,104	5,260
Total Care and Upkeep of Grounds	69,125	19,384	88,509	80,367	8,142
Security:					
Salaries	763,822	(59,778)	704,044	704,043	1
General Supplies	5,000	2,848	7,848	7,848	
Total Security	768,822	(56,930)	711,892	711,891	1

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 21,159	\$ 1,826	\$ 22,985	22,985	
Salaries for Pupil Transportation - Between Home & School - Regular	76,086	(564)	75,522	75,522	
Salaries for Pupil Transportation - Between Home & School - Special	76,086	(564)	75,522	75,522	
Salaries for Pupil Transportation - Other Than Between Home & School	119,401	6,548	125,949	123,890	\$ 2,059
Management Fee - ESC & CTSA Transportation Programs	68,774	9,036	77,810	73,556	4,254
Other Purchased Professional and Technical Services	15,000	(13,330)	1,670	1,670	
Cleanings, Repair and Maintenance Services	15,000	(1,331)	13,669	12,178	1,491
Lease Purchase Payments - School Buses	16,000	4,931	20,931	20,931	
Contracted Services:					
Aid in Lieu of Payments - Nonpublic Students	329,115	(64,931)	264,184	243,208	20,976
Between Home and School - Vendors	1,710,285	(25,173)	1,685,112	1,685,109	3
Other than Between Home and School - Vendors	176,661	80,757	257,418	254,653	2,765
Special Education Students - Vendors	692,652	160,624	853,276	853,276	
Special Education Students - ESCs & CTSAAs	1,649,941	194,060	1,844,001	1,842,228	1,773
General Supplies	5,000	904	5,904	5,904	
Other Objects	200	(200)			
Total Student Transportation Services	4,971,360	352,593	5,323,953	5,290,632	33,321
Unallocated Benefits:					
Social Security Contributions	1,871,670	(89,475)	1,782,195	1,782,195	
Other Retirement Contributions - PERS	1,619,824	50,128	1,669,952	1,669,952	
Other Retirement Contributions - Regular	205,564	52,048	257,612	257,612	
Workmen's Compensation	306,936		306,936	306,936	
Health Benefits	14,483,192	(657,298)	13,825,894	13,775,934	49,960
Tuition Reimbursement	122,000	50,146	172,146	172,146	
Other Employee Benefits	160,000	(27,905)	132,095	132,021	74
Total Unallocated Benefits	18,769,186	(622,356)	18,146,830	18,096,796	50,034

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits			\$ 5,072,916	\$ 5,072,916	\$ (5,072,916)
Pension			5,875,393	5,875,393	(5,875,393)
Non-Contributory Insurance			212,879	212,879	(212,879)
Long-Term Disability Insurance			11,092	11,092	(11,092)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			4,146,183	4,146,183	(4,146,183)
Total On-Behalf and Reimbursed Contributions			15,318,463	15,318,463	(15,318,463)
Total Personal Services - Employee Benefits	\$ 18,769,186	\$ (622,356)	\$ 18,146,830	33,415,259	(15,268,429)
Total Undistributed Expenses	67,401,079	(152,414)	67,248,665	81,977,430	(14,728,765)
TOTAL CURRENT EXPENSE	118,548,668	96,778	118,645,446	133,275,467	(14,630,021)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5		81,917	81,917	81,917	
Grades 6-8		104,190	104,190	104,190	
Grades 9-12	304,190	(157,747)	146,443	146,278	165
Undistributed Expenditures:					
Administrative Information Technology	725,000	(234,678)	490,322	490,321	1
Custodial Services	39,165	3,100	42,265	39,165	3,100
Total Equipment	1,068,355	(203,218)	865,137	861,871	3,266
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)				97,140	(97,140)
TOTAL CAPITAL OUTLAY	1,154,293	(203,218)	951,075	1,044,949	(93,874)

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfer of Funds to Charter Schools	\$ 10,451	\$ 32,772	\$ 43,223	\$ 43,223	
TOTAL EXPENDITURES	119,713,412	(73,668)	119,639,744	134,363,639	\$ (14,723,895)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,131,041)	73,668	(2,057,373)	(523,925)	1,533,448
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)				97,140	97,140
Transfers In/(Out):					
Capital Projects Fund - Interest				463	463
Food Service Enterprise Fund - Board Contribution	(130,000)	(73,668)	(203,668)	(203,668)	
Total Other Financing Sources/(Uses)	(130,000)	(73,668)	(203,668)	(106,065)	97,603
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(2,261,041)		(2,261,041)	(629,990)	1,631,051
Fund Balance, July 1	5,316,871		5,316,871	5,316,871	
Fund Balance, June 30	<u>\$ 3,055,830</u>	<u>\$ -0-</u>	<u>\$ 3,055,830</u>	<u>\$ 4,686,881</u>	<u>\$ 1,631,051</u>

Recapitulation:

Restricted:

Excess Surplus	\$ 33,081
Capital Reserve	493,992
Maintenance Reserve	750,000

Assigned:

Year-End Encumbrances	392,636
Designated for Subsequent Year's Expenditures	100,000
Unassigned Fund Balance	2,917,172
	<u>4,686,881</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payments not Recognized on GAAP Basis	(653,950)
Fund Balance per Governmental Funds (GAAP)	<u>\$ 4,032,931</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 437,954	\$ 437,954	\$ 228,925	\$ (209,029)
State Sources	\$ 485,000	170,637	655,637	584,242	(71,395)
Federal Sources	2,133,000	614,105	2,747,105	2,401,838	(345,267)
Total Revenues	2,618,000	1,222,696	3,840,696	3,215,005	(625,691)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	409,098	(84,988)	324,110	236,282	87,828
Other Salaries for Instruction		250,800	250,800	227,473	23,327
Purchased Professional and Technical Services		90,808	90,808	65,138	25,670
Tuition	1,000,000	101,176	1,101,176	1,086,858	14,318
General Supplies	130,347	336,393	466,740	271,661	195,079
Textbooks	79,000	18,451	97,451	91,235	6,216
Total Instruction	1,618,445	712,640	2,331,085	1,978,647	352,438
Support Services:					
Salaries of Supervisors of Instruction	134,214	6,000	140,214	120,823	19,391
Salaries of Other Professional Staff	80,000	(48,304)	31,696	31,301	395
Personal Services - Employee Benefits	104,424	(21,868)	82,556	67,084	15,472
Purchased Professional and Technical Services	600,663	339,809	940,472	798,744	141,728
Other Purchased Services	39,226	71,470	110,696	72,951	37,745
Supplies and Materials	41,028	114,176	155,204	111,250	43,954
Other Objects		14,095	14,095	14,095	
Total Support Services	999,555	475,378	1,474,933	1,216,248	258,685

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Construction Services	\$ 34,678	\$ 34,678	\$ 34,678	\$ 20,110	\$ 14,568
Total Facilities Acquisition and Construction Services	34,678	34,678	34,678	20,110	14,568
Total Expenditures	\$ 2,618,000	1,222,696	3,840,696	3,215,005	625,691
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
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	\$ 133,839,714	\$ 3,215,005
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		(34,544)
Prior Year Encumbrances		455,362
Prior Year Encumbrances Canceled		(13,355)
Prior Year State Aid Payments Not Recognized for Budgetary Purposes, Recognized for GAAP Statements	639,133	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(653,950)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 133,824,897	\$ 3,622,468
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 134,363,639	\$ 3,215,005
Differences - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(34,544)
Prior Year Encumbrances		455,362
Prior Year Encumbrances Canceled		(13,355)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 134,363,639	\$ 3,622,468

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
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, 2017 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, 2017

	No Child Left Behind			I.D.E.A. Grant	
	Title I	Title IIA	Title III Immigrant	Basic	Preschool
REVENUE:					
Local Sources					
State Sources	\$ 430,639	\$ 175,129	\$ 2,374	\$ 1,757,779	\$ 35,917
Federal Sources	430,639	175,129	2,374	1,757,779	35,917
Total Revenue					
EXPENDITURES:					
Instruction:					
Salaries of Teachers	170,139			61,086	
Other Salaries for Instruction				227,473	
Purchased Professional and Technical Services					
Tuition				1,085,458	35,917
General Supplies	52,582			12,194	
Textbooks					
Total Instruction	222,721			1,386,211	35,917
Support Services:					
Salaries of Supervisors of Instruction	110,484	10,339			
Salaries of Other Professional Staff			1,108	30,193	
Personal Services - Employee Benefits	43,117	791	85	23,091	
Purchased Professional and Technical Services		111,731		318,284	
Other Purchased Services	45,453	26,343			
Supplies and Materials	8,864	13,530	1,181		
Other Objects		12,395			
Total Support Services	207,918	175,129	2,374	371,568	
Facilities Acquisition and Construction Services:					
Construction Services					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 430,639	\$ 175,129	\$ 2,374	\$ 1,757,779	\$ 35,917

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Nonpublic					Auxiliary (Ch. 192) Compensatory Education
	Security	Textbook	Nursing	Nonpublic Technology		
REVENUE:						
Local Sources						
State Sources	\$ 81,651	\$ 91,149	\$ 152,100	\$ 42,972	\$ 75,785	
Federal Sources						
Total Revenue	<u>81,651</u>	<u>91,149</u>	<u>152,100</u>	<u>42,972</u>	<u>75,785</u>	
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional and Technical Services						
Tuition				42,972		
General Supplies		91,149				
Textbooks		91,149				
Total Instruction		<u>91,149</u>		<u>42,972</u>		
Support Services:						
Salaries of Supervisors of Instruction						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits			152,100		75,785	
Purchased Professional and Technical Services						
Other Purchased Services						
Supplies and Materials	81,651					
Other Objects						
Total Support Services	<u>81,651</u>		<u>152,100</u>		<u>75,785</u>	
Facilities Acquisition and Construction Services:						
Construction Services						
Total Facilities Acquisition and Construction Services						
Total Expenditures	<u>\$ 81,651</u>	<u>\$ 91,149</u>	<u>\$ 152,100</u>	<u>\$ 42,972</u>	<u>\$ 75,785</u>	

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Supplementary Instruction	Nonpublic Handicapped (Ch. 193) Examination & Classification	Corrective Speech	Local Grants	Total
REVENUE:					
Local Sources	\$ 46,297	\$ 77,978	\$ 16,310	\$ 228,925	\$ 228,925
State Sources					584,242
Federal Sources					2,401,838
Total Revenue	<u>46,297</u>	<u>77,978</u>	<u>16,310</u>	<u>228,925</u>	<u>3,215,005</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers				5,057	236,282
Other Salaries for Instruction					227,473
Purchased Professional and Technical Services				65,138	65,138
Tuition				1,400	1,086,858
General Supplies				127,996	271,661
Textbooks				86	91,235
Total Instruction				<u>199,677</u>	<u>1,978,647</u>
Support Services:					
Salaries of Supervisors of Instruction					120,823
Salaries of Other Professional Staff					31,301
Personal Services - Employee Benefits					67,084
Purchased Professional and Technical Services	46,297	77,978	16,310	259	798,744
Other Purchased Services				1,155	72,951
Supplies and Materials				6,024	111,250
Other Objects				1,700	14,095
Total Support Services	<u>46,297</u>	<u>77,978</u>	<u>16,310</u>	<u>9,138</u>	<u>1,216,248</u>
Facilities Acquisition and Construction Services:					
Construction Services				20,110	20,110
Total Facilities Acquisition and Construction Services				<u>20,110</u>	<u>20,110</u>
Total Expenditures	<u>\$ 46,297</u>	<u>\$ 77,978</u>	<u>\$ 16,310</u>	<u>\$ 228,925</u>	<u>\$ 3,215,005</u>

CAPITAL PROJECTS FUND

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Revenue and Other Financing Sources:	
Interest Earned	\$ 463
Total Revenue and Other Financing Sources	463
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	281,495
Facilities Acquisition and Construction Services	2,077,982
Equipment	23,619
Transfers Out:	
General Fund - Interest	463
Total Expenditures and Other Financing Uses	2,383,559
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	(2,383,096)
Fund Balance - Beginning Balance	6,040,678
Fund Balance - Ending Balance	\$ 3,657,582
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 1,581,674
Committed Fund Balance - Other Purposes	1,457,925
Total Committed Fund Balance	3,039,599
Restricted Fund Balance:	
Year-End Encumbrances	140,493
Restricted Fund Balance - Other Purposes	477,490
Total Restricted Fund Balance	617,983
	3,657,582
Reconciliation to Governmental Funds Statements (GAAP):	
- Township and SDA Receivables not Recognized on GAAP Basis	(4,002,038)
Fund Balance/(Deficit) per Governmental Funds (GAAP)	\$ (344,456)

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, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,598,000		\$ 2,598,000	\$ 2,598,000
Total Revenues and Other Financing Sources	2,598,000	\$ -0-	2,598,000	2,598,000
Expenditures:				
Purchased Professional and Technical Services		164,511	164,511	163,832
Facilities Acquisition and Construction Services		695,683	695,683	2,434,168
Total Expenditures		860,194	860,194	2,598,000
Excess/(Deficiency) of Revenues and Other Financing Sources				
Over/(Under) Expenditures	\$ 2,598,000	\$ (860,194)	\$ 1,737,806	\$ -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, 2017

	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	2,536,000	\$ -0-	2,536,000	2,536,000
Expenditures:				
Purchased Professional and Technical Services	20,000	98,437	118,437	118,437
Facilities Acquisition and Construction Services	1,148,766	444,484	1,593,250	2,394,394
Equipment		23,169	23,169	23,169
Total Expenditures	1,168,766	566,090	1,734,856	2,536,000
Excess/(Deficiency) of Revenues and Other Financing Sources				
Over/(Under) Expenditures	\$ 1,367,234	\$ (566,090)	\$ 801,144	\$ -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, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,780,958		\$ 2,780,958	\$ 2,780,958
Total Revenues and Other Financing Sources	2,780,958	\$ -0-	2,780,958	2,780,958
Expenditures:				
Facilities Acquisition and Construction Services	2,547,930	6,413	2,554,343	2,612,412
Equipment Purchases	168,096	450	168,546	168,546
Total Expenditures	2,716,026	6,863	2,722,889	2,780,958
Excess/(Deficiency) of Revenues and Other Financing Sources				
Over/(Under) Expenditures	\$ 64,932	\$ (6,863)	\$ 58,069	\$ -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 #2012-32
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,914,281		\$ 2,914,281	\$ 2,914,281
Total Revenues and Other Financing Sources	2,914,281	\$ -0-	2,914,281	2,914,281
Expenditures:				
Purchased Professional and Technical Services		12,225	12,225	12,225
Facilities Acquisition and Construction Services	2,597,809	35,996	2,633,805	2,902,056
Total Expenditures	2,597,809	48,221	2,646,030	2,914,281
Excess/(Deficiency) of Revenues and Other Financing Sources				
Over/(Under) Expenditures	\$ 316,472	\$ (48,221)	\$ 268,251	\$ -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 #2011-41
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 1,607,264		\$ 1,607,264	\$ 1,607,264
Total Revenues and Other Financing Sources	1,607,264	\$ -0-	1,607,264	1,607,264
Expenditures:				
Facilities Acquisition and Construction Services	1,420,225	99,597	1,519,822	1,534,883
Equipment Purchases	72,381		72,381	72,381
Total Expenditures	1,492,606	99,597	1,592,203	1,607,264
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 114,658	\$ (99,597)	\$ 15,061	\$ -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 #2010-28
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 2,855,007		\$ 2,855,007	\$ 2,855,007
Total Revenues and Other Financing Sources	<u>2,855,007</u>	<u>-0-</u>	<u>2,855,007</u>	<u>2,855,007</u>
Expenditures:				
Purchased Professional and Technical Services		6,322	6,322	6,322
Facilities Acquisition and Construction Services	2,207,350	605,565	2,812,915	2,841,326
Equipment Purchases	7,359		7,359	7,359
Total Expenditures	<u>2,214,709</u>	<u>611,887</u>	<u>2,826,596</u>	<u>2,855,007</u>
Excess/(Deficiency) of Revenues and Other Financing Sources				
Over/(Under) Expenditures	<u>\$ 640,298</u>	<u>\$ (611,887)</u>	<u>\$ 28,411</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 #2008-14
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,820,028		\$ 1,820,028	\$ 1,820,028
Due from Township of Montclair-Bond Ordinance Proceeds	3,266,404		3,266,404	3,266,404
Total Revenues and Other Financing Sources	5,086,432	\$ -0-	5,086,432	5,086,432
Expenditures:				
Facilities Acquisition and Construction Services	5,057,413	10,394	5,067,807	5,083,132
Equipment Purchases	3,300		3,300	3,300
Total Expenditures	5,060,713	10,394	5,071,107	5,086,432
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 25,719	\$ (10,394)	\$ 15,325	\$ -0-

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
VARIOUS PROJECTS - TOWNSHIP ORDINANCE #2007-26
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Revised</u>
	<u>Periods</u>	<u>Year</u>	<u>Cost</u>	<u>Authorized</u>
				<u>Cost</u>
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 4,075,462		\$ 4,075,462	\$ 4,075,462
Total Revenues and Other Financing Sources	<u>4,075,462</u>	<u>-0-</u>	<u>4,075,462</u>	<u>4,075,462</u>
Expenditures:				
Facilities Acquisition and Construction Services	3,986,734		3,986,734	4,075,437
Equipment Purchases	25		25	25
Total Expenditures	<u>3,986,759</u>		<u>3,986,759</u>	<u>4,075,462</u>
Excess/(Deficiency) of Revenues and Other Financing Sources				
Over/(Under) Expenditures	<u>\$ 88,703</u>	<u>\$ -0-</u>	<u>\$ 88,703</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 #2006-30
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Due from Township of Montclair-Bond Ordinance Proceeds	\$ 4,373,025		\$ 4,373,025	\$ 4,373,025
Total Revenues and Other Financing Sources	4,373,025	-0-	4,373,025	4,373,025
Expenditures:				
Facilities Acquisition and Construction Services	4,346,029	120	4,346,149	4,372,978
Equipment Purchases	47		47	47
Total Expenditures	4,346,076	120	4,346,196	4,373,025
Excess/(Deficiency) of Revenues and Other Financing Sources				
Over/(Under) Expenditures	\$ 26,949	\$ (120)	\$ 26,829	\$ -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, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 990,572		\$ 990,572	\$ 990,572
Transfer from Capital Reserve	1,496,816		1,496,816	1,485,857
Total Revenues and Other Financing Sources	<u>2,487,388</u>	<u>\$ -0-</u>	<u>2,487,388</u>	<u>2,476,429</u>
Expenditures:				
Facilities Acquisition and Construction Services	1,762,542	158,538	1,921,080	2,476,429
Total Expenditures	<u>1,762,542</u>	<u>158,538</u>	<u>1,921,080</u>	<u>2,476,429</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 724,846</u>	<u>\$ (158,538)</u>	<u>\$ 566,308</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number: Various
 Grant Date: 3/31/14 & 5/2/14
 Bond Authorization Date: N/A
 Bonds Issued: N/A
 Original Authorized Cost: \$ 2,476,429
 Revised Authorized Cost: \$ 2,476,429

Percentage Increase over Original Authorized Cost: N/A
 Percentage Completion: 77.57%
 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, 2017

	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	76,260	21,192	97,452	125,000
Total Expenditures	76,260	21,192	97,452	125,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ 48,740	\$ (21,192)	\$ 27,548	\$ -0-

Additional Project Information:

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MONTCLAIR HIGH SCHOOL - ELEVATOR REPLACEMENT/UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Major Fund	Non-Major Funds			Enterprise
	Food Service Program	Summer Program	Provisional Teacher	Total	Fund Totals
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 186,097	\$ 367,488	\$ 11,555	\$ 379,043	\$ 565,140
Intergovernmental Receivable:					
State	827				827
Federal	36,109				36,109
Accounts Receivable:					
Other	7,521				7,521
Student Accounts - (less allowance of \$109,656)	15,000				15,000
Interfund Receivable	66,500				66,500
Inventories	16,161				16,161
Prepaid Expenses		9,774		9,774	9,774
Total Current Assets	328,215	377,262	11,555	388,817	717,032
Non-Current Assets:					
Capital Assets	882,080				882,080
Less: Accumulated Depreciation	(610,301)				(610,301)
Total Non-Current Assets	271,779				271,779
Total Assets	599,994	377,262	11,555	388,817	988,811
LIABILITIES:					
Unearned Revenue:					
Food Distribution Program	8,259				8,259
Prepaid Meals	53,483				53,483
Prepaid Summer Program		237,916		237,916	237,916
Accounts Payable	235,107	1,020	25	1,045	236,152
Total Liabilities	296,849	238,936	25	238,961	535,810
NET POSITION:					
Investment in Capital Assets	271,779				271,779
Unrestricted	31,366	138,326	11,530	149,856	181,222
Total Net Position	\$ 303,145	\$ 138,326	\$ 11,530	\$ 149,856	\$ 453,001

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Fund	Non-Major Funds			Enterprise
	Food Service Program	Summer Program	Provisional Teacher	Total	Fund Totals
Operating Revenue:					
Local Sources:					
Daily Sales:					
Reimbursable Programs	\$ 382,803				\$ 382,803
Non-Reimbursable Programs	104,365				104,365
Total Daily Sales	487,168				487,168
Special Functions	37,128				37,128
Program Fees		\$ 179,056		\$ 179,056	179,056
Mentor Fees			\$ 41,460	41,460	41,460
Total Operating Revenue	524,296	179,056	41,460	220,516	744,812
Operating Expenses:					
Cost of Sales:					
Reimbursable Programs	424,879				424,879
Non-Reimbursable Programs	84,262				84,262
Total Cost of Sales	509,141				509,141
Salaries, Benefits & Payroll Taxes	507,061	188,550	58,320	246,870	753,931
Administrative Expenses	73,608	8,992		8,992	82,600
Supplies and Materials	76,386	12,798	2,855	15,653	92,039
Management Fee	81,304				81,304
Miscellaneous	6,343				6,343
Depreciation	27,011				27,011
Total Operating Expenses	1,280,854	210,340	61,175	271,515	1,552,369
Operating (Loss)	(756,558)	(31,284)	(19,715)	(50,999)	(807,557)
Non-Operating Revenue:					
Local Sources:					
Interest Income	421				421
State Sources:					
State School Lunch Program	10,001				10,001
Federal Sources:					
School Breakfast Program	88,725				88,725
National School Lunch Program	362,501				362,501
Food Distribution Program	81,282				81,282
Total Non-Operating Revenue	542,930				542,930
Change in Net Position Before Transfer In	(213,628)	(31,284)	(19,715)	(50,999)	(264,627)
Transfer In - General Fund	203,668				203,668
Change in Net Position After Transfer In	(9,960)	(31,284)	(19,715)	(50,999)	(60,959)
Net Position - Beginning of Year	313,105	169,610	31,245	200,855	513,960
Net Position - End of Year	\$ 303,145	\$ 138,326	\$ 11,530	\$ 149,856	\$ 453,001

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Fund		Non-Major Funds		Enterprise Fund Totals
	Food Service Program	Summer Program	Provisional Teacher	Total	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 519,768	\$ 277,203	\$ 41,460	\$ 318,663	\$ 838,431
Receipts from Special Function	42,788				42,788
Payments to Employees		(188,550)	(58,295)	(246,845)	(246,845)
Payments to Food Service Provider	(1,102,471)				(1,102,471)
Payments to Suppliers	(50,846)	(12,708)	(2,855)	(15,563)	(66,409)
Other Payments		(8,992)		(8,992)	(8,992)
Net Cash Provided by/(Used for) Operating Activities	(590,761)	66,953	(19,690)	47,263	(543,498)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(17,761)				(17,761)
Net Cash Used for Capital and Related Financing Activities	(17,761)				(17,761)
Cash Flows from Investing Activities:					
Local Sources:					
Interest Income	421				421
Net Cash Provided by Investing Activities	421				421
Cash Flows from Noncapital Financing Activities:					
Cash Received from State and Federal Reimbursements	518,563				518,563
Cash Received from Transfers - General Fund	137,168				137,168
Net Cash Provided by Noncapital Financing Activities	655,731				655,731
Net Increase/(Decrease) in Cash and Cash Equivalents	47,630	66,953	(19,690)	47,263	94,893
Cash and Cash Equivalents, July 1	138,467	300,535	31,245	331,780	470,247
Cash and Cash Equivalents, June 30	\$ 186,097	\$ 367,488	\$ 11,555	\$ 379,043	\$ 565,140

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Fund	Non-Major Funds		Enterprise Fund Totals
	Food Service Program	Summer Program	Provisional Teacher	
Reconciliation of Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating (Loss)	\$ (756,558)	\$ (31,284)	\$ (19,715)	\$ (807,557)
Adjustment to Reconcile Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	27,011			27,011
Food Distribution Program	81,282			81,282
Allowance for Doubtful Student Accounts Receivable	-			
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	40,316			40,316
(Increase) in Accounts Receivable - Students	(100)			(100)
Decrease in Inventory	3,367			3,367
(Increase) in Prepaid Expenses		(9,774)		(9,774)
Increase/(Decrease) in Unearned Revenue:				
Food Distribution Program	(1,804)			(1,804)
Prepaid Meals/Summer Program	(2,017)	107,921		105,904
Increase in Accounts Payable	17,742	90	25	17,857
Net Cash Provided by/(Used for) Operating Activities	\$ (590,761)	\$ 66,953	\$ (19,690)	\$ (543,498)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$79,479 and utilized \$81,282 for the fiscal year ended June 30, 2017.

FIDUCIARY FUNDS

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30,2017

	Agency	Unemployment Compensation Trust	Totals
ASSETS:			
Cash and Cash Equivalents	\$ 912,543	\$ 476,012	\$ 1,388,555
Total Assets	912,543	476,012	1,388,555
LIABILITIES:			
Interfund Payable	319,506		319,506
Due to Student Groups	436,754		436,754
Payroll Deductions and Withholdings	156,283		156,283
Total Liabilities	912,543		912,543
NET POSITION:			
Held in Trust for:			
Unemployment Compensation Claims		476,012	476,012
Total Net Position	\$ -0-	\$ 476,012	\$ 476,012

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
JUNE 30,2017

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee Share	\$ 194,973	\$ 194,973
Total Contributions	<u>194,973</u>	<u>194,973</u>
Investment Earnings:		
Interest	<u>1,550</u>	<u>1,550</u>
Net Investment Earnings	<u>1,550</u>	<u>1,550</u>
Total Additions	<u>196,523</u>	<u>196,523</u>
Deductions:		
Unemployment Compensation Claims	<u>218,170</u>	<u>218,170</u>
Total Deductions	<u>218,170</u>	<u>218,170</u>
Change in Net Position	(21,647)	(21,647)
Net Position - Beginning of the Year	<u>497,659</u>	<u>497,659</u>
Net Position - End of the Year	<u><u>\$ 476,012</u></u>	<u><u>\$ 476,012</u></u>

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

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 422,528	\$ 1,045,113	\$ 1,030,888	\$ 436,754
Total Assets	<u>\$ 422,528</u>	<u>\$ 1,045,113</u>	<u>\$ 1,030,888</u>	<u>\$ 436,754</u>
 LIABILITIES:				
Due to Student Groups	\$ 422,528	\$ 1,045,113	\$ 1,030,888	\$ 436,754
Total Liabilities	<u>\$ 422,528</u>	<u>\$ 1,045,113</u>	<u>\$ 1,030,888</u>	<u>\$ 436,754</u>

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Elementary Schools:				
Bradford	\$ 5,682	\$ 14,979	\$ 14,429	\$ 6,232
Charles H. Bullock	15,810	18,705	19,462	15,053
Edgemont	6,524	9,902	9,940	6,486
Hillside	52,177	64,341	67,165	49,353
Nishuane	4,425	10,461	9,302	5,584
Northeast	17,263	15,651	18,840	14,074
Watchung	8,384	21,282	22,154	7,512
Total Elementary Schools	<u>110,265</u>	<u>155,321</u>	<u>161,292</u>	<u>104,294</u>
Middle Schools:				
Glenfield	35,811	206,642	201,532	40,921
Buzz Aldrin	42,098	174,357	175,136	41,319
Renaissance	20,059	120,725	90,694	50,090
Total Middle Schools	<u>97,968</u>	<u>501,724</u>	<u>467,362</u>	<u>132,330</u>
High Schools:				
Montclair High School	172,437	315,919	310,439	177,917
Athletic Account	41,858	72,149	91,795	22,213
Total High Schools	<u>214,295</u>	<u>388,068</u>	<u>402,234</u>	<u>200,130</u>
Total All Schools	<u>\$ 422,528</u>	<u>\$ 1,045,113</u>	<u>\$ 1,030,888</u>	<u>\$ 436,754</u>

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash and Cash Equivalents	\$ 87,855	\$136,056,048	\$ 135,668,114	\$ 475,789
Total Assets	\$ 87,855	\$136,056,048	\$ 135,668,114	\$ 475,789
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ 86,855	\$135,737,542	\$ 135,668,114	\$ 156,283
Interfund Payable - General Fund	1,000	318,506		319,506
Total Liabilities	\$ 87,855	\$136,056,048	\$ 135,668,114	\$ 475,789

LONG-TERM DEBT

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

<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2017</u>
Apple Computers	0.90%	\$ 301,432	\$ 168,474		\$ 83,852	\$ 84,622
Apple Computers	0.00%	169,258	126,944		42,315	84,629
Apple Computers	0.00%	100,171	75,128		25,043	50,085
School Bus	3.698645%	97,140		\$ 97,140	20,621	76,519
			<u>\$ 370,546</u>	<u>\$ 97,140</u>	<u>\$ 171,831</u>	<u>\$ 295,855</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 67,195,905
Special Education	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	17,774,029
Other Special Instruction	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	3,418,485
School-Sponsored Instruction	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	2,261,364
Support Services:										
Tuition	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	5,750,419
Student & Instruction Related Services	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	38,160,334
School Administrative Services	5,900,632	5,697,569	6,433,978	5,926,334	5,687,924	5,797,230	6,618,614	2,358,740	2,203,262	2,505,852
General and Business Administrative Services	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	8,378,945
Central Services		1,833,063	1,853,971	1,928,764	1,655,412	1,645,518	1,917,572	2,050,988	2,013,448	2,258,488
Administrative Information Technology					301,037	297,595	771,619	1,011,762	1,212,581	1,232,712
Plant Operations And Maintenance	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	11,127,101
Pupil Transportation	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	5,542,086
Capital Outlay				462,743	76,167	85,938	85,938	180,752		
Special Schools	511,203	517,699	534,724	503,306	503,306	477,788	402,760	156,178	10,448	43,223
Transfer to Charter School				19,292	21,582		7,204			
State Administrative Fee				63,146						
Unallocated Depreciation				2,451,596	2,482,194	2,543,619	2,358,404	2,342,056	2,377,849	2,432,401
Total Governmental Activities Expenses	\$ 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	\$ 168,081,344
Business-Type activities:										
Food Service	\$ 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	\$ 1,280,854
Provisional Teacher	152,665	153,096	68,740	101,688	117,086	80,041	70,433	69,983	76,134	61,175
Saturday Music		23,166	20,891	18,494	19,943	20,260				
Summer Programs	557,433	536,855								
Total Business-Type Activities Expense	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	1,552,369
Total District Expenses	\$ 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	\$ 169,633,713
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Tuition					\$ 64,983	\$ 367,944	\$ 1,167,771	\$ 58,083	\$ 41,743	\$ 40,739
Special Schools					458,805	415,348	331,246	108,719		
Pupil Transportation										6,572
Operating Grants and Contributions	\$ 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	50,727,530
Capital Grants and Contributions				25,399	3,243,859	528,704	1,731,544	2,017,080	2,203,366	2,203,366
Total Governmental Activities Program Revenues	\$ 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	\$ 52,978,207

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues:										
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 2,106,195	\$ 2,092,906	\$ 919,865	\$ 858,972	\$ 595,702	\$ 463,564	\$ 470,459	\$ 603,845	\$ 556,400	\$ 524,296
Provisional Teacher					69,487	72,517	68,600	69,735	66,250	41,460
Saturday Music					16,599	13,909				
Summer Programs					590,331	642,348	520,727	583,235	547,337	179,056
Operating Grants and Contributions			571,073	578,679	590,331	642,348	520,727	583,235	547,337	542,509
Total Business-Type Activities Program Revenues	\$ 2,106,195	\$ 2,092,906	\$ 1,490,938	\$ 1,437,651	\$ 1,272,119	\$ 1,192,338	\$ 1,059,786	\$ 1,256,815	\$ 1,169,987	\$ 1,287,321
Total District Program Revenues	\$ 16,666,765	\$ 12,439,325	\$ 12,917,977	\$ 12,916,479	\$ 20,623,302	\$ 24,726,218	\$ 21,155,556	\$ 35,857,119	\$ 41,276,820	\$ 54,265,528
Net (Expense)/Revenue Governmental Activities	\$ (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)	\$ (115,103,137)
Net (Expense)/Revenue Business-Type Activities	(111,881)	14,148	(42,345)	(77,633)	(318,453)	(100,664)	(215,033)	(55,341)	(187,616)	(265,048)
Total District-Wide Net Expense	\$ (99,078,936)	\$ (104,531,829)	\$ (108,912,948)	\$ (105,532,366)	\$ (97,833,879)	\$ (99,855,875)	\$ (106,806,200)	\$ (107,637,037)	\$ (109,588,499)	\$ (115,368,185)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 109,921,598
Township of Montclair- Type I School District	5,346,848	3,853,200	2,986,360	533,670						
Federal and State Aid Restricted	13,605	178,473	171,103	1,334,974						
Federal and State Aid not Restricted	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	1,619,868
Tuition	58,892	92,089	99,691	74,609						
Prior Year Accounts Payable Canceled								98,740		
Miscellaneous Income	1,745,115	1,195,290	2,923,039	1,257,199	286,554	454,293	474,576	2,177,858	938,497	581,255
Transfers	(117,750)	(50,000)	(100,000)	(50,000)	(394,567)	(115,000)	(166,215)	(100,830)	(92,321)	(203,668)
Total Governmental Activities	\$ 103,305,008	\$ 107,592,960	\$ 111,374,169	\$ 109,763,614	\$ 98,165,212	\$ 99,195,142	\$ 99,422,859	\$ 105,144,891	\$ 108,060,486	\$ 111,919,053
Business-Type Activities:										
Investment Earnings					227	242	187	190	247	421
Miscellaneous	3,062	707	262	317				105,165		
Allowance for Doubtful Accounts								(75,000)		
Prior Year Accounts Payable Canceled										
Transfers	117,750	50,000	100,000	50,000	394,567	107,215	895	100,830	92,321	203,668
Total Business-Type Activities	\$ 120,812	\$ 50,707	\$ 100,262	\$ 50,317	\$ 394,794	\$ 222,457	\$ 167,297	\$ 131,185	\$ 92,568	\$ 204,089
Total District-Wide	\$ 103,425,820	\$ 107,643,667	\$ 111,474,431	\$ 109,813,931	\$ 98,560,006	\$ 99,417,599	\$ 99,590,156	\$ 105,276,076	\$ 108,153,054	\$ 112,123,142
Change in Net Position:										
Governmental Activities	\$ 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)	\$ (3,184,084)
Business-Type Activities	8,931	64,855	57,917	(27,316)	76,341	121,793	(47,736)	75,844	(95,048)	(60,959)
Total District	\$ 4,346,884	\$ 3,111,838	\$ 2,561,483	\$ 4,281,565	\$ 726,127	\$ (438,276)	\$ (7,216,044)	\$ (2,360,961)	\$ (1,435,445)	\$ (3,245,043)

Source: School District Financial Reports

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

UNAUDITED

(modified accrual basis of accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved/Restricted	\$ 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	\$ 1,277,073
Assigned				42,233	1,093,339	1,587,304	2,843,119	724,878	989,770	492,636
Unassigned				959,014	2,289,349	1,572,302	136,498	1,766,252	1,674,878	2,263,222
Unreserved	1,932,723	2,051,191	2,044,532	2,641,752						
Total General Fund	\$ 5,642,505	\$ 6,305,745	\$ 6,113,787	\$ 10,762,797	\$ 13,387,582	\$ 12,228,445	\$ 8,367,887	\$ 4,512,201	\$ 4,677,738	\$ 4,032,931
All Other Governmental Funds:										
Reserved/Restricted	\$ 45,188,194	\$ 34,191,609	\$ 20,953,322	\$ 5,345,706	\$ 1,713,562	\$ 2,201,402	\$ 47,603	\$ 1,108,168	\$ (188,987)	\$ (372,589)
Committed								56,803	24,261	28,133
Unassigned/(Deficit)	(65,013)									
Total All Other Governmental Funds	\$ 45,123,181	\$ 34,191,609	\$ 20,953,322	\$ 5,345,706	\$ 1,713,562	\$ 2,201,402	\$ 47,603	\$ 1,164,971	\$ (164,726)	\$ (344,456)
Total All Funds	\$ 50,765,686	\$ 40,497,354	\$ 27,067,109	\$ 16,108,503	\$ 15,101,144	\$ 14,429,847	\$ 8,415,490	\$ 5,677,172	\$ 4,513,012	\$ 3,688,475

Source: School District Financial Reports

**MONICLAIR TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax Levy	\$ 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	\$ 109,921,598
Miscellaneous	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	1,036,493
State Sources	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	23,741,892
Federal Sources	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	2,747,845
Total Revenue	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	137,447,828
Expenditures:										
Instruction:										
Regular Instruction	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	38,597,011
Special Education Instruction	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	10,304,567
Other Instruction	856,984	825,533	1,045,867	989,830	1,539,649	1,832,553	1,885,558	2,061,075	2,004,902	2,068,291
School-Sponsored Instruction	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	1,392,876
Support Services:										
Tuition	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	5,750,419
Student and Instruction Related Services	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	22,995,689
Central Services	1,413,583	1,472,998	1,459,796	1,487,707	1,257,133	1,250,862	1,423,763	1,399,045	1,990,035	1,342,054
Administrative Information Technology	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	2,081,026
General Administrative Services	4,381,834	4,352,838	4,832,265	4,329,703	4,188,259	4,310,048	4,574,757	4,505,564	843,050	4,732,220
School Administrative Services	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	7,935,925
Plant Operations And Maintenance	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	5,290,632
Pupil Transportation	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	33,415,259
Unallocated Benefits	460,545	475,316	485,903	462,743	503,306	477,788	402,760	156,178	10,448	43,223
Special Schools	3,624,841	14,895,992	18,022,769	19,292	21,582	2,841,957	7,204	10,420	4,098,791	3,616,859
Transfer to Charter Schools	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	140,369,203
Capital Outlay	(3,393,402)	(14,071,532)	(18,107,147)	(266,071)	(612,792)	(556,297)	(5,848,142)	(2,938,920)	(1,383,001)	(2,921,375)
Total Expenditures	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	140,369,203
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	(3,393,402)	(14,071,532)	(18,107,147)	(266,071)	(612,792)	(556,297)	(5,848,142)	(2,938,920)	(1,383,001)	(2,921,375)
Other Financing Sources/(Uses):										
Type I School Debt Authorization	5,346,848	3,853,200	2,986,360	533,670						
Prior Year Accounts Payable Cancelled			1,790,542							
Capital Leases (Non-Budgeted)										
Montclair Improvement Authorization										
Transfers In										
Transfers Out										
Total Other Financing Sources/(Uses)	(117,750)	(50,000)	(100,000)	(50,000)	(394,567)	(115,000)	68,771	301,432	269,429	97,140
Net Change In Fund Balances	\$ 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)	\$ (824,537)
Debt Service As A Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Subscription Busing	Other	Total
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
2017	55,980	40,739	111,106	158,998	\$ 6,572	254,708	628,103

* - 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)
	Value	Area									
2007	* \$ 33,557,800	\$ 6,371,937,400	\$ 5,584,200	\$ 703,802,500	\$ 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	5,137,000	692,664,300	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	5,059,900	691,217,100	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	5,059,900	692,606,250	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	5,059,900	672,102,250	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	4,539,500	590,234,900	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	4,539,500	588,899,400	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	4,539,200	584,383,400	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	4,539,200	577,300,700	246,801,000	5,730,022,210	7,948,928	5,737,971,138	1.97	6,746,283,622	
2016	17,238,900	4,879,919,300	3,891,000	569,184,400	240,140,600	5,710,374,200	8,386,600	5,718,760,800	2.05	6,805,822,663	

*. 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.

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					Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates		
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Montclair Township	Essex County	
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
2016	2.05		2.05	0.96	0.62	3.63

*- 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

	2017			2008		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Rockcliffe Apartments		\$ 15,146,300	0.21 %	Lackawanna Associates	\$ 20,543,700	0.28 %
Lackawanna 2013 LLC		13,487,000	0.19 %	Bellclair, LLC	17,935,500	0.24 %
Hawthorne Towers, LLC		11,288,000	0.16 %	Hawthorne Towers Partnership	14,276,100	0.19 %
Princeton Bank & Industry Consulting Group		10,732,400	0.15 %	Princeton Bank & Industry Consulting Group	13,700,400	0.19 %
Bellclair, LLC		10,649,300	0.15 %	Rockcliffe Apartments	12,236,500	0.17 %
Richard Grabowsky, LLC		9,674,600	0.14 %	45 Church Street Associates	9,665,700	0.13 %
Orange Pavilion, LLC		9,250,000	0.13 %	Orange Pavilion	9,260,100	0.13 %
39-51 Church Street Association		8,315,000	0.12 %	Richard Grabowsky, LLC	8,525,100	0.12 %
Bank of America		8,088,400	0.11 %	Gordonhurst Associates	8,474,200	0.12 %
First Montclair, LLC		7,841,300	0.11 %	Midland Realty Associates	7,355,400	0.10 %
Total		\$ 104,472,300	1.47 %		\$ 121,972,700	1.66 %

Source: Municipal Tax Assessor

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	
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-
2017	109,921,598	109,921,598	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
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 %	9.57
2017		295,855		295,855	0.01 %	7.64

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

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

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

Source: School District Financial Reports

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

NOT APPLICABLE

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
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	\$ 70,707,543	100.00%	\$ 70,707,543
Essex County General Obligation Debt	489,730,689	8.12%	<u>39,777,625</u>
Subtotal, Overlapping Debt			110,485,168
Montclair School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u><u>\$ 110,485,168</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 2017

	Montclair Township
Equalized Valuation Basis	
2016	\$ 7,071,670,836
2015	6,813,926,708
2014	6,724,117,273
	\$20,609,714,817
 Average Equalized Valuation of Taxable Property	 \$ 6,869,904,939
 Debt Limit (4% of Average Equalization Value) ^a	 \$ 274,796,198
Net Bonded School Debt as of June 30, 2017	-0-
Legal Debt Margin	\$ 274,796,198

Montclair Township Debt Information

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$269,455,955	\$286,061,678	\$293,078,040	\$ 290,962,228	\$ 283,899,181
Total Net Debt Applicable to Limit	94,166,366	96,673,800	98,199,040	98,951,394	78,553,510
Legal Debt Margin	\$175,289,589	\$189,387,878	\$194,879,000	\$ 192,010,834	\$ 205,345,671
 Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	 34.95%	 33.79%	 33.51%	 34.01%	 27.67%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$273,247,823	\$266,007,265	\$264,469,326	\$ 267,474,394	\$ 274,796,198
Total Net Debt Applicable to Limit	80,327,640	71,192,725	72,870,022	67,789,226	70,707,543
Legal Debt Margin	\$192,920,183	\$194,814,540	\$191,599,304	\$ 199,685,168	\$ 204,088,655
 Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	 29.40%	 26.76%	 27.55%	 25.34%	 25.73%

a - Limit set by NJS A 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
2008	36,839	\$ 1,957,477,104	\$ 53,136	3.90%
2009	37,317	1,913,914,296	51,288	6.60%
2010	37,712	1,973,242,688	52,324	6.80%
2011	37,872	2,083,490,208	55,014	6.80%
2012	37,880	2,098,703,520	55,404	6.70%
2013	37,998	2,116,184,616	55,692	6.70%
2014	38,137	2,224,111,703	58,319	5.20%
2015	38,202	2,293,266,060	60,030	4.30%
2016	38,700	2,323,161,000	60,030 *	4.00%
2017	38,700 **	2,323,161,000 ***	60,030 *	N/A

* - Latest Essex County per capita personal income available (2015) was used for calculation purposes.

** - Latest population data available (2016) was used for calculation purposes.

***- Latest available population data (2016) and latest available Essex County per capita personal income (2015) 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

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

INFORMATION IS NOT AVAILABLE

Source: Various Agencies of the Township

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction:										
Regular	473.0	466.0	469.0	442.0	437.0	433.1	454.0	467.9	470.9	480.4
Special Education	110.0	110.0	112.0	112.0	114.0	147.9	163.0	143.6	141.8	134.6
Support Services:										
Student & Instruction Related Services	123.0	123.0	123.0	108.0	106.0	95.8	272.0	301.4	336.7	343.5
School Administrative Services	71.0	71.0	71.0	64.0	66.0	46.8	49.0	49.5	48.5	49.0
General and Business Administrative Services	6.0	6.0	6.0	5.0	6.0	5.7	4.0	3.0	3.0	4.3
Plant Operations and Maintenance	61.0	61.0	61.0	60.0	60.0	63.0	61.0	61.0	62.0	63.0
Pupil Transportation	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.5	4.0
Business and Other Support Services	15.0	15.0	15.0	15.0	14.0	2.0	14.0	20.7	20.7	20.0
Total	861.0	854.0	859.0	808.0	805.0	796.3	1,020.0	1,050.1	1,087.0	1,098.8

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				
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	6,568	6,099	-2.49 %	92.86 %
2016	6,695	130,020,213	19,420	2.18 %	757	12.5:1	9.7:1	12.3:1	6,671	6,300	1.57 %	94.44 %
2017	6,626	136,752,344	20,639	6.27 %	661	10.5:1	8.5:1	10.8:1	6,673	6,324	0.03 %	94.77 %

Source: Montclair Township School District records

Note: Enrollment based on annual October district count.

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

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

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Montclair High School										
Square Feet	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119	352,119
Capacity (students)	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631	1,631
Enrollment	1,981	1,981	1,962	1,972	1,952	1,966	1,981	1,946	2,018	2,029
Glenfield Middle School										
Square Feet	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281	125,281
Capacity (students)	704	704	704	704	704	704	704	704	704	704
Enrollment	668	668	689	702	717	711	678	680	649	640
Buzz Aldrin Middle School										
Square Feet	125,799	125,799	125,799	125,799	125,799	125,799	126,568	126,568	126,568	126,568
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment	603	603	580	578	554	545	546	646	642	659
Renaissance Middle School										
Square Feet	38,722	38,722	38,722	38,722	38,722	38,722	37,167	37,167	37,167	37,167
Capacity (students)	245	245	245	345	345	345	345	345	345	345
Enrollment	242	242	251	243	253	262	269	276	284	289
Bradford Elementary School										
Square Feet	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129	58,129
Capacity (students)	345	345	345	345	345	345	345	345	345	345
Enrollment	474	474	484	471	451	450	427	441	431	426
Bullock Elementary School										
Square Feet	N/A	N/A	N/A	84,017	84,017	84,017	84,017	84,017	84,017	84,017
Capacity (students)	N/A	N/A	N/A	550	550	550	550	550	550	550
Enrollment	N/A	N/A	N/A	399	433	442	384	481	463	439

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District/Building</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Edgemont Elementary School	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638	34,638
Square Feet	312	312	312	312	312	312	312	312	312	312
Capacity (students)	297	297	299	289	305	296	396	284	288	283
Hillside Elementary School	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799	125,799
Square Feet	680	680	680	680	680	680	680	680	680	680
Capacity (students)	623	623	629	620	650	626	531	560	587	591
Nishuane Elementary School	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440	87,440
Square Feet	663	663	663	663	663	663	663	663	663	663
Capacity (students)	521	521	521	479	479	469	467	489	458	423
Northeast Elementary School	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549	56,549
Square Feet	380	380	380	380	380	380	380	380	380	380
Capacity (students)	403	403	426	442	456	448	442	441	436	415
Rand Elementary School	38,722	38,722	38,722	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet	345	345	345	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	317	317	355	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Watchung Elementary School	34,638	34,638	34,638	34,638	34,638	34,638	52,109	52,109	52,109	52,109
Square Feet	312	312	312	312	312	312	312	312	312	312
Capacity (students)	432	432	461	450	457	452	448	441	439	432
Enrollment										
N/A- Not Applicable										

Number of Schools at June 30, 2017

 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)

<u>School Facilities *</u>	<u>Projects #</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Bradford Elementary School	N/A	\$ 26,155	\$ 26,057	\$ 31,035	\$ 26,981	\$ 43,151
Bullock Elementary School	N/A				6,658	41,767
Edgemont Elementary School	N/A	17,228	19,472	23,866	19,498	24,522
Glenfield Middle School	N/A	46,288	14,205	80,054	71,614	132,436
Hillside Elementary School	N/A	50,539	40,561	40,557	51,563	116,235
Montclair High School	N/A	145,059	164,659	151,815	170,205	294,124
Buzz Aldrin Middle School	N/A	39,006	42,321	49,797	44,008	114,523
Nishuane Elementary School	N/A	28,924	29,289	26,891	38,097	64,539
Northeast Elementary School	N/A	30,629	25,692	20,972	46,597	46,998
Rand Elementary School	N/A	45,954	24,895	14,424		
Renaissance Middle School	N/A				27,319	58,794
Watchung Elementary School	N/A	28,710	25,025	30,828	36,402	40,292
		<u>\$ 458,492</u>	<u>\$ 412,176</u>	<u>\$ 470,239</u>	<u>\$ 538,942</u>	<u>\$ 977,381</u>

<u>School Facilities *</u>	<u>Projects #</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bradford Elementary School	N/A	\$ 39,659	\$ 37,641	\$ 35,946	\$ 23,657	\$ 70,566
Bullock Elementary School	N/A	50,835	68,502	41,652	31,932	39,862
Edgemont Elementary School	N/A	28,724	32,790	27,907	38,554	27,947
Glenfield Middle School	N/A	95,360	103,155	122,785	90,628	116,527
Hillside Elementary School	N/A	88,680	84,818	58,285	51,443	68,343
Montclair High School	N/A	305,909	266,067	279,625	277,444	321,473
Buzz Aldrin Middle School	N/A	111,671	34,966	12,693	135,193	47,739
Nishuane Elementary School	N/A	55,792	42,586	61,091	25,059	51,998
Northeast Elementary School	N/A	58,313	56,390	51,954	71,012	1,275
Renaissance Middle School	N/A	39,390	36,368	61,288	40,343	55,057
Watchung Elementary School	N/A	34,732	40,991	29,641	54,262	121,022
		<u>\$ 909,065</u>	<u>\$ 804,274</u>	<u>\$ 782,867</u>	<u>\$ 839,527</u>	<u>\$ 921,809</u>

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

	Coverage	Deductible
New Jersey Schools Insurance Group Insurance Package:		
Property - Blanket Building & Contents	\$ 264,014,357	\$ 10,000
Comprehensive General Liability	31,000,000	
Comprehensive Automobile Liability	31,000,000	1,000
Electronic Data Processing	3,009,058	
Boiler and Machinery - Property Damage	100,000,000	
Board of Education Legal Liability	31,000,000	20,000
Public Employees' Faithful Performance Blanket Position Bond	1,000,000	1,000
Umbrella Liability Excess (Included in GL & AL limits)		
Worker's Compensation - Self Insured		
Excess Worker's Compensation -		
State National Insurance Company, Inc.:		
Workers Compensation	Statutory	
Employers Liability	1,000,000	
Self Insured Retention		500,000
Public Employees' Faithful Performance Bonds -		
Western Surety Company:		
Michael Zazzarino - Treasurer	450,000	
Travelers Casualty & Surety Company of America:		
Brian Fleischer - Business Administrator	100,000	
Ronald Bolandi - Interim Superintendent/Business Administrator	430,000	
J. Steven DiGeronimo - Interim Business Administrator	430,000	
Student & Athletic Accident Coverage - US Fire Insurance:		
Limit including all sports activities - Standard Plan	25,000	
Benefit Period - 3 years		
Limit including all sports activities - Excess Coverage Plan	5,000,000	25,000
Benefit Period - 10 years		
Catastrophic Cash	1,000,000	

Source: Montclair Township School District records.

SINGLE AUDIT 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

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, 2017, 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, 2017.

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

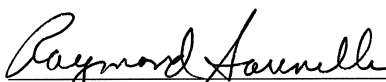
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



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



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Montclair Township School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2017. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

The Honorable President and Members
of the Board of Education
Montclair Township School District
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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, 2017.

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.

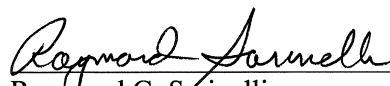
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2017
Mount Arlington, New Jersey

NISIVOCIA LLP



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

MONTECLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2016		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustment	Balance at June 30, 2017	
					Unearned/Revenue/ (Accounts Receivable)	Due to Grantor						Unearned Revenue	Due to Grantor
U.S. Department of Education - Passed-through													
State Department of Education:													
Special Revenue Fund:													
Special Education Cluster:													
IDEA - Part B, Basic Regular	84.027	IDEA-3310-17	7/1/16	\$ 1,849,686				\$ 1,308,423	\$ (1,757,779)			\$ (449,356)	
IDEA - Part B, Basic Regular	84.027	IDEA-3310-16	7/1/15	2,137,143			\$ 7,013	1,067,947		\$ (7,013)			
IDEA - Part B, Basic Regular	84.027	IDEA-3310-14	7/1/13	1,922,402								(35,917)	
IDEA - Part B, Preschool	84.173	IDEA-3310-17	7/1/16	100,866				8,485	(35,917)		\$ 1,121		
IDEA - Part B, Preschool	84.173	IDEA-3310-16	7/1/15	58,109			1,121			(1,121)			
IDEA - Part B, Preschool	84.173	IDEA-3310-15	7/1/14	54,722			8,134	2,384,855	(1,793,696)	(8,134)	1,121	(485,273)	
Subtotal Special Education Cluster													
No Child Left Behind:													
Title I	84.010	NCLB-3310-17	7/1/16	576,598				236,262	(430,639)			(194,377)	
Title I	84.010	NCLB-3310-16	7/1/15	575,123				512,612		(497)		(82,385)	
Title I	84.010	NCLB-3310-14	7/1/13	691,069			497						
Title II A	84.367A	NCLB-3310-17	7/1/16	207,510				92,744	(175,129)				
Title II A	84.367A	NCLB-3310-16	7/1/15	200,822				128,744				(854)	
Title III - Immigrant	84.365A	NCLB-3310-17	7/1/16	12,445				1,520	(2,374)				
Title III - Immigrant	84.365A	NCLB-3310-16	7/1/15	1,646				426					
Total U.S. Department of Education													
Total Special Revenue Fund													
U.S. Department of Health and Human Services -													
Passed-through State Department of Human Services:													
Medicaid Cluster:													
Medical Assistance Program (SEMI)	93.778	N/A	7/1/16	159,324				159,324	(159,324)				
Medical Assistance Program (SEMI)	93.778	N/A	7/1/15	119,678				22,778					
Medical Assistance Program (SEMI/ARRA)	93.778	N/A	4/1/09	10,947				10,947	(10,947)				
Total General Fund/Medicaid Cluster													
Total U.S. Department of Health and Human Services													
U.S. Department of Agriculture - Passed-through													
State Department of Agriculture:													
Child Nutrition Cluster:													
School Breakfast Program	10.553	N/A	7/1/16	88,725				81,268	(88,725)			(7,457)	
School Breakfast Program	10.553	N/A	7/1/15	87,576				20,442					
National School Lunch Program	10.555	N/A	7/1/16	362,501				333,849	(362,501)			(28,652)	
National School Lunch Program	10.555	N/A	7/1/15	369,722				71,858					
Federal Food Distribution Program	10.555	N/A	7/1/16	79,478				79,478	(71,219)			\$ 8,259	
Federal Food Distribution Program	10.555	N/A	7/1/15	82,067				586,895	(532,508)			(36,109)	
Subtotal Child Nutrition Cluster													
Total U.S. Department of Agriculture													
TOTAL FEDERAL AWARDS													
N/A - Not Available/Applicable													

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

MONICLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2017		MEMO
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	
State Department of Education:												
General Fund:												
Special Education Categorical Aid	17-495-034-5120-089	7/1/16	6/30/17	\$ 4,231,151	\$ 3,827,984	\$ (4,231,151)	\$ 403,167	\$ 4,231,151		\$ 403,167	\$ 4,231,151	
Special Education Categorical Aid	16-495-034-5120-089	7/1/15	6/30/16	4,171,264	396,566	(1,175,389)	111,998	1,175,389		111,998	1,175,389	
Transportation Aid	17-495-034-5120-014	7/1/16	6/30/17	1,175,389	1,063,391	(110,713)						
Transportation Aid	16-495-034-5120-014	7/1/15	6/30/16	1,164,526	110,713	(749,384)						
Security Aid	17-495-034-5120-084	7/1/16	6/30/17	749,384	677,979	(71,071)						
Security Aid	16-495-034-5120-084	7/1/15	6/30/16	747,557	71,071	(503,304)						
Adjustment Aid	17-495-034-5120-085	7/1/16	6/30/17	503,304	455,346	(47,849)						
Adjustment Aid	16-495-034-5120-085	7/1/15	6/30/16	503,304	47,849	(68,020)						
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16	6/30/17	68,020	61,539	(6,467)						
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15	6/30/16	68,020	6,467	(6,467)						
PARCC Readiness Aid	17-495-034-5120-098	7/1/16	6/30/17	68,020	6,467	(6,467)						
PARCC Readiness Aid	16-495-034-5120-098	7/1/15	6/30/16	68,020	6,467	(6,467)						
Professional Learning Community Aid	17-495-034-5120-101	7/1/16	6/30/17	67,800	61,340	(67,800)						
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16	6/30/17	887,577	573,293	(887,577)						
Extraordinary Special Education Costs Aid	16-495-034-5120-044	7/1/15	6/30/16	573,293		(50,634)						
Nonpublic School Transportation Costs	17-495-034-5120-014	7/1/16	6/30/17	50,634	49,764	(50,634)						
Nonpublic School Transportation Costs	16-495-034-5120-014	7/1/15	6/30/16	49,764		(50,634)						
On-Behalf TPAF Contributions:												
Post-Retirement Medical Pension	17-495-034-5094-001	7/1/16	6/30/17	5,072,916	5,072,916	(5,072,916)						
Pension	17-495-034-5094-002	7/1/16	6/30/17	5,875,393	5,875,393	(5,875,393)						
Non-Contributory Insurance	17-495-034-5094-004	7/1/16	6/30/17	212,879	212,879	(212,879)						
Long-Term Disability Insurance	17-495-034-5094-004	7/1/16	6/30/17	11,092	11,092	(11,092)						
Reimbursed TPAF Social Security Aid	17-495-034-5094-003	7/1/16	6/30/17	4,146,183	3,942,808	(4,146,183)						
Reimbursed TPAF Social Security Aid	16-495-034-5094-003	7/1/15	6/30/16	3,902,218	195,143	(203,375)						
Total General Fund State Aid				(1,457,353)	22,781,539	(23,119,742)				(1,141,586)	1,795,536	23,119,742
Special Revenue Fund:												
NJ Nonpublic Aid:												
Textbook Aid (Chapter 194)	17-100-034-5120-064	7/1/16	6/30/17	97,354	97,354	(91,149)	\$ 6,205	\$ 6,205				91,149
Textbook Aid (Chapter 194)	16-100-034-5120-064	7/1/15	6/30/16	93,986		(448)						
Textbook Aid (Chapter 194)	15-100-034-5120-064	7/1/14	6/30/15	100,809	448	(678)						
Textbook Aid (Chapter 194)	14-100-034-5120-064	7/1/13	6/30/14	91,655	678	(152,100)						
Nursing Services (Chapter 226)	17-100-034-5120-070	7/1/16	6/30/17	152,100	152,100	(75,785)						152,100
Auxiliary Services (Chapter 192):												
Compensatory Education	17-100-034-5120-067	7/1/16	6/30/17	76,501	76,501	(3,640)						75,785
Compensatory Education	16-100-034-5120-067	7/1/15	6/30/16	55,838	3,640	(914)						
English as a Second Language	17-100-034-5120-067	7/1/16	6/30/17	914	914	(173)						
English as a Second Language	16-100-034-5120-067	7/1/15	6/30/16	863	173	(22,707)						
Transportation	17-100-034-5120-067	7/1/16	6/30/17	22,707	22,707	(1,800)						
Home Instruction	16-100-034-5120-067	7/1/15	6/30/16	1,800								

MONICLAIR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2017		MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:														
Special Revenue Fund (Cont'd):														
NJ Nonpublic Aid (Cont'd):														
Handicapped Services (Chapter 193):														
Supplementary Instruction	17-100-034-5120-066	7/1/16	6/30/17	\$ 53,360	\$ 450	\$ 53,360	\$ (46,297)	\$ (450)	\$ 7,063	\$ 7,063	\$	\$	\$ 46,297	
Supplementary Instruction	16-100-034-5120-066	7/1/15	6/30/16	46,930		97,782	(77,978)		19,804	19,804			77,978	
Examination and Classification	17-100-034-5120-066	7/1/16	6/30/17	90,148	11,658	26,505	(16,310)	(29,013)	10,195	10,195			16,310	
Corrective Speech	17-100-034-5120-066	7/1/16	6/30/17	26,505		84,500	(81,651)	(465)	2,849	2,849			81,651	
Corrective Speech	16-100-034-5120-066	7/1/15	6/30/16	49,328	29,013	43,914	(42,972)	(532)	942	942			42,972	
Security Aid	17-100-034-5120-509	7/1/16	6/30/17	84,500	465	657,437	(584,242)	(51,142)	71,395	71,395			584,242	
Security Aid	16-100-034-5120-509	7/1/15	6/30/16	41,150										
Technology Initiative	17-100-034-5120-373	7/1/16	6/30/17	43,914	532									
Technology Initiative	16-100-034-5120-373	7/1/15	6/30/16	42,796										
Total Special Revenue Fund					\$ (1,800)	51,142	657,437	(584,242)	(51,142)	71,395				584,242
Enterprise Fund:														
State School Lunch Program	17-100-010-3350-023	7/1/16	6/30/17	10,001		9,174	(10,001)	\$	(827)	\$	827		10,001	
State School Lunch Program	16-100-010-3350-023	7/1/15	6/30/16	10,062		1,972								
Total Enterprise Fund						11,146	(10,001)		(827)		827		10,001	
Schools Development Authority:														
Capital Projects Fund:														
Educational Facilities Construction & Financing Act	Various	7/1/14	6/30/18	990,572		(990,572)						990,572		
	Various	Various		7,257,997		(3,383,952)						3,383,952	3,874,045	
Total Capital Projects Fund						(4,374,524)					4,374,524		3,874,045	
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION					\$ (5,835,629)	\$ 51,142	\$ 23,450,122	\$ (23,713,985)	\$ (51,142)	\$ (1,142,413)	\$ 71,395	\$ 6,170,887	\$ 27,588,030	

Less - State Awards Not Subject to Single Audit Major Program Determination:
On-Behalf TPAF Pension System Contributions:
Post-Retirement Medical 17-495-034-5094-001 7/1/16 6/30/17 5,072,916
Pension 17-495-034-5094-002 7/1/16 6/30/17 5,875,393
Non-Contributory Insurance 17-495-034-5094-004 7/1/16 6/30/17 212,879
Long-Term Disability Insurance 17-495-034-5094-004 7/1/16 6/30/17 11,092
Subtotal On-Behalf TPAF Pension System Contributions 11,172,280

TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION
\$(12,541,705)

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

MONTCLAIR TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(14,817) for the General Fund and \$407,463 for the Special Revenue Fund (of which (\$179,002) is for local grants not reflected on the schedules of assistance). See Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 170,271	\$ 23,104,925	\$ 23,275,196
Special Revenue Fund	2,577,574	636,967	3,214,541
Food Service Fund	532,508	10,001	542,509
Total Financial Assistance	\$ 3,280,353	\$ 23,751,893	\$ 27,032,246

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, 2017. 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, 2017

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	7/1/16-6/30/17	\$ 1,849,686	\$ 1,757,779
IDEA Part B, Preschool	84.173	7/1/16-6/30/17	100,866	35,917
State:				
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	4,231,151	4,231,151
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	749,384	749,384
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	503,304	503,304
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	68,020	68,020
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	68,020	68,020
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	67,800	67,800
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	1,175,389	1,175,389

- 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, 2017
(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, 2017

Status of Prior Year Findings:

The District had no prior year audit findings.