Comprehensive Annual Financial Report

of the

Township of Montgomery School District

County of Somerset

Skillman, New Jersey

For the Fiscal Year Ended June 30, 2014

Prepared by

Township of Montgomery School District
Business Office

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INTRODUCTORY SECTION

MONTGOMERY TOWNSHIP SCHOOLS

1014 ROUTE 601 • SKILLMAN, NJ • 08558-2112 • PHONE (609) 466-7601 • FAX (609) 466-0944

THOMAS M. VENANZI
SCHOOL BUSINESS ADMINISTRATOR
BOARD SECRETARY

September 18, 2014

Mr. Arun Rimal, President and
Members of the Board of Education
Township of Montgomery School District
Somerset County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Township of Montgomery School District for the fiscal year ended June 30, 2014 is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with U.S. generally accepted accounting principles for governmental entities as established by the Governmental Accounting Standards Board. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Township of Montgomery School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 as follows:

-The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials.

-The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information.

-The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

-The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, P.L. 104 - 156 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Township of Montgomery School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No.3. All funds of the District are included in this report. The Township of Montgomery School District and all its schools constitute the District's reporting entity.

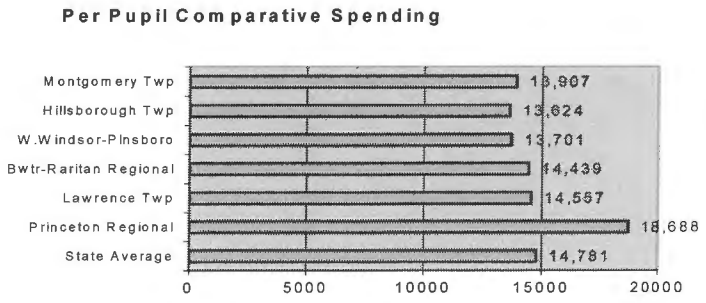
The District provides a full range of educational services appropriate to grade levels PRE-K through 12. These include regular as well as special education for handicapped youngsters. Those students who have a desire for vocational training attend the Somerset County Vocational School. The District enrollment for the 2013-14 fiscal year as reported on the ASSA report in October 2013 was 4,783 students, which is 110 students below the previous year's enrollment. The following chart details the changes in the student enrollment of the District since the 2003 - 2004 school year.

Enrollment Comparison as of October 2013

Fiscal Year	Student Enrollment	Percent Change
2003/04	4,676	7.9%
2004/05	4,899	4.8%
2005/06	5,129	4.7%
2006/07	5,242	1.8%
2007/08	5,277	0.7%
2008/09	5,307	0.6%
2009/10	5,191	-2.2%
2010/11	5,187	-0.0%
2011/12	5,047	-2.7%
2012/13	4,893	-3.1%
2013/14	4,783	-2.0%

In July 2014, the New Jersey Department of Education released its Taxpayer's Guide to Education Spending for all school districts in the State. The guide compares districts with those similar to them. The Township of Montgomery School District was compared with 106 other K-12 districts with enrollments of 3,500 or greater. The information on expenditures was taken from school district budget submissions for school year 2013-14 on file with the State Department of Education. The report showed that the District spends $13,907 per pupil while the average cost for similar districts is $14,781. Of the 106 districts, the Township of Montgomery School District is the 40th lowest in total spending.

The chart below compares cost per pupil data from Montgomery School District with comparable schools in the area. Montgomery School District spends less per student per year while maintaining higher than average standardized test scores and offering numerous co-curricular and athletic opportunities.



Township of Montgomery Schools' programs are designed to meet the academic and curricular needs of all students K-12. Academic programs address specific content areas, gifted and talented enrichment,

college preparatory, advanced placement, career readiness, basic skills and special education. Middle and high school programs include a wide selection of elective courses in science, communications, social studies, world languages, music, art, computer sciences, media, home economics, and industrial technologies. To accommodate these offerings, the district maintains modern, well-equipped buildings that are developmentally appropriate. The district configuration by school is K-2, 3-4, 5-6, 7-8 and 9-12.

The district has a highly-qualified professional staff. Sixty-four percent of our certificated staff holds Masters Degrees. The district places great value on professional growth opportunities for its administrative and teaching staffs. During the 2013-14 school year, the district spent nearly $169,000 on professional learning in all areas of the curriculum. The district also reimbursed teaching staff $63,491 to assist with the cost of college tuition for graduate course work in order to keep teachers current in the latest best practice in education.

2. ECONOMIC CONDITION AND OUTLOOK: After many years of student growth, the district has seen a recent trend of declining enrollment which has provided some relief for class sizes and space needs. There are a few new developments under construction in Montgomery Township which will generate some additional students, but the net impact expected over the next few years is that overall enrollment will remain stable.

3. MAJOR INITIATIVES: For the 2013-2014 school year, teachers were evaluated based upon the guidelines and regulations set by NJ Department of Education as stated on Achieve NJ. This means that each teacher received a Summative Teacher Practice Score comprised of either 15% Student Growth Objectives (SGO) and 85% based on Teacher Practice for those staff members without a Median Student Growth Percentile (mSGP), or 15% Student Growth Objectives, 30% Median Student Growth Percentile and 55% based on Teacher Practice for those staff members with an mSGP. For both of these subgroups, the largest percentage is based on Teacher Practice. These scores are calculated using the averages of scores that were earned during a minimum of three observations that took place throughout the school year using the Charlotte Danielson Evaluation Model as our tool. Prior to the observation process, both teachers and evaluators participated in extensive training to ensure the validity and accuracy of these scores. Teacher Practice scores were shared with staff members after each observation by way of a Learning Focused Conversation. Summative scores were shared during the Summative Evaluation Conferences that took place during the spring of 2014.

For the 2013-2014 school year, principals were evaluated using the Marshall Evaluation Model as our evaluation tool. This means that each administrator was observed a minimum of ten times during the course of the school year. During the observation process, observers sought out opportunities to observe each administrator in a variety of activities so as to best gather evidence for the components listed in each of the six domains that make up the evaluation tool. Evaluators then calculated a summative score based on the averages of these ratings. The Principal Summative Score was based on one of the following averages, either: 30% professional practice, 20% evaluation leadership, 10% SGO average, and 40% based on administrator goals for Non-mSGP principals, or 30% professional practice, 20% evaluation leadership, 10% SGO average, 30% school SGP, and 10% based on administrator goals for those principals in buildings considered to be Multi-Grade SGPs. All ratings were shared during the multiple administrative conferences that took place throughout the school year with the summative rating being discussed in the spring of 2014 during the Summative Evaluation Conference.

During the 2013-14 school year, communications to the community were improved through four main channels. The biggest change was the introduction of the weekly newsletter, "eNews", which was started on September 13, 2013 and continued weekly throughout the year while constantly improving on format and content. Second was the increased usage of the MTSD Facebook page which now contains several posts weekly about achievements of our students, athletes and district staff. Third, the many things reported through the other two channels led to some improvements in the school websites in both architecture and content, making the sites easier to navigate with more information available. Finally, the sign in front of the high school is now more proactively used to advertise upcoming events including school activities, community presentations and athletic contests.

This school year was the first implementation year of a five-year plan to increase student engagement, build digital literacy in our students, and to prepare the school district to be ready for the implementation

of The Partnership for Assessment of Readiness for College and Careers (PARCC) testing. The first major aspect of the five-year plan was the transition from desktop and cart technology to clusters of mobile technology clustered in classrooms. Seven hundred student Chromebooks were distributed throughout the district, along with 244 Chromebooks distributed to our K-8 faculty. This simultaneously initiated our districts move to cloud-based computing through Google Apps for Education. The second major initiative was the continued expansion of the "Inter-Active Learning Environment" including an intelligent projector, console computer, stereo sound system, and document camera. Forty-four classroom systems were installed throughout the district. Other smaller projects included the upgrade of the computer lab at Village Elementary, new laptops for two high school mobile carts, computer upgrades for support staff, and laptops for district guidance counselors.

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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 voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Amendments to the line items within these funds are approved by the Superintendent and subsequently ratified by the Board of Education, in accordance with state statute and Board Policy.

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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2014. There were no General Fund encumbrances as of June 30, 2014.

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

7. DEBT ADMINISTRATION: Starting with the 2001-2002 Budget, the community felt the impact of the debt associated with the high school project. In 2009, the school district introduced a bond referendum for various improvements to the district schools which has added to the school district debt. The school district could no longer afford to pay for these major maintenance issues through the annual budget process and decided to capitalize these major infrastructure improvements through the sale of bonds which would be paid for over the life of the enhancement of the asset. The district was also able to take advantage of state funds to reduce the impact on total debt since the school district only needed to borrow funds for the local share of the projects. The school district was well within its borrowing capacity with this increased debt since the available borrowing margin is $118,289,541.

8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District's cash management plan allows 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 and updated in 2009 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.

9. RISK MANAGEMENT: The Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property damage and contents and fidelity bonds.

10. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee Clooney & Company was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and state Treasury Circular 04-04 OMB. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

Nancy Gartenberg
Superintendent of Schools

Thomas M. Venanzi
School Business Administrator/Board Secretary

MONTGOMERY TOWNSHIP BOARD OF EDUCATION
SKILLMAN, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2014

Members of the Board of Education	**Term Expires**
Mr. Arun Rimal, President	2014
Ms. Adelle Kirk-Csontos, Vice President	2015
Ms. Sandra M. Donnay	2016
Mr. Dharmesh H. Doshi	2016
Mr. Humberto Goldoni	2015
Mr. Nicholas Hladick	2016
Ms. Judy Humza	2015
Ms. Annie Michaelson	2014
Dr. Lei Yu	2014

Other Officials

Nancy Gartenberg, Superintendent

Thomas M. Venanzi, School Business Administrator/Board Secretary

Ronald Rossi, Treasurer

Stephen Fogarty, Esq., Solicitor

MONTGOMERY TOWNSHIP BOARD OF EDUCATION
SKILLMAN, NEW JERSEY

CONSULTANTS AND ADVISORS

Architect
Parette Somjen Architects
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Rockaway, NJ 07866

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Westfield, NJ 07090-2122

Attorney
Fogarty & Hara
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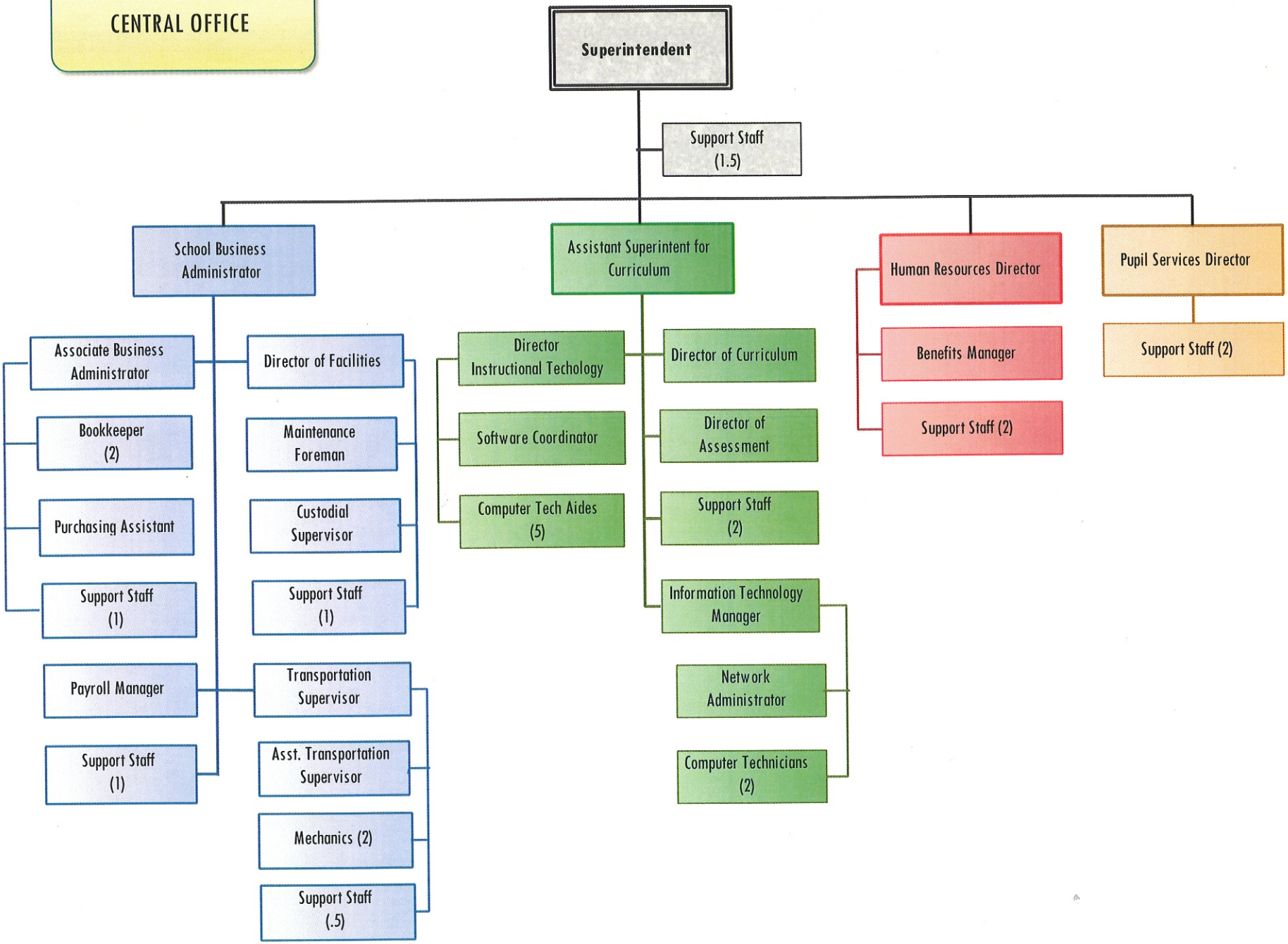
Fair Lawn, New Jersey 07410

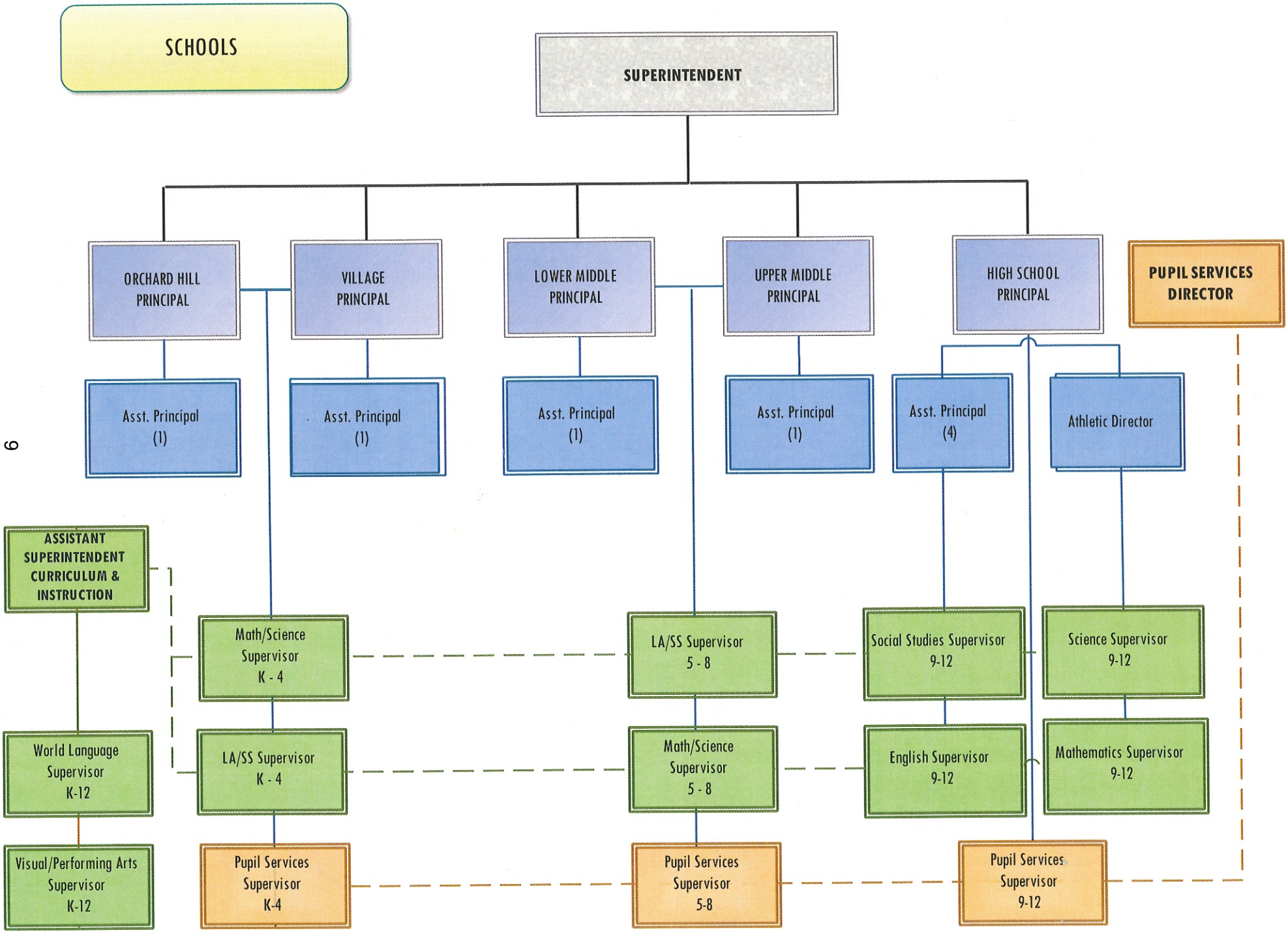
Construction Attorney
Wilentz, Goldman & Spitzer, P.A.
90 Woodbridge Center Drive, Suite 900
Woodbridge, N.J. 07095

Bond Counsel
McManimon & Scotland
One Gateway Center
Newark, N.J. 07102-5311

Official Depositories
TD Bank
Santander Bank

CENTRAL OFFICE




SCHOOLS
SUPERINTENDENT
ORCHARD HILL PRINCIPAL
VILLAGE PRINCIPAL
LOWER MIDDLE PRINCIPAL
UPPER MIDDLE PRINCIPAL
HIGH SCHOOL PRINCIPAL
PUPIL SERVICES DIRECTOR
Asst. Principal (1)
Asst. Principal (1)
Asst. Principal (1)
Asst. Principal (1)
Asst. Principal (4)
Athletic Director
ASSISTANT SUPERINTENDENT CURRICULUM & INSTRUCTION
Math/Science Supervisor K - 4
LA/SS Supervisor 5 - 8
Social Studies Supervisor 9-12
Science Supervisor 9-12
World Language Supervisor K-12
LA/SS Supervisor K - 4
Math/Science Supervisor 5 - 8
English Supervisor 9-12
Mathematics Supervisor 9-12
Visual/Performing Arts Supervisor K-12
Pupil Services Supervisor K-4
Pupil Services Supervisor 5-8
Pupil Services Supervisor 9-12

FINANCIAL SECTION

SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
308 East Broad Street, Westfield, New Jersey 07090-2122
Telephone 908-789-9300 Fax 908-789-8535
E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of Montgomery School District
County of Somerset
Skillman, New Jersey 08558

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 Township of Montgomery School District, County of Somerset, New Jersey as of and for the year ended June 30, 2014, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the provisions of U.S. Office of Management and Budget (OMB) *Circular A-133* "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey *OMB Circular 04-04* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions 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 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 Township of Montgomery School District, County of Somerset, New Jersey as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the 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 and budgetary comparison information in Exhibit 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 Township of Montgomery School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 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 on 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 September 18, 2014 on our consideration of the Township of Montgomery School 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 Township of Montgomery School District's internal control over financial reporting and compliance.

Suplee, Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

September 18, 2014

PUBLIC SCHOOL ACCOUNTANT NO. 93

REQUIRED SUPPLEMENTARY INFORMATION – Part I

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014
UNAUDITED

The Management's Discussion and Analysis of the Township of Montgomery School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2014. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments, as amended and supplemented.

Financial Highlights

Key financial highlights for 2013-14 are as follows:

- The district financial performance for the year was very strong by generating over $457 thousand in unanticipated revenue and accumulating over $2.2 million in unexpended balances from budget appropriations. After a few years of fiscal instability created by a budget defeat and significant state aid reduction, the financial condition is now very stable and manageable for the next few years as forecasted in the district's long range financial planning.

- The school district also received an additional State award of $433,113 in June 2014 to provide for a fraction of the extraordinary costs attributable to the special education program. The district did anticipate $360,945 for this purpose resulting in unanticipated revenue in this area in the amount of $72,168.

- For the eleventh year in a row, notification was received that the final payment of state aid to school districts would be delayed until the next fiscal year. The final payment was received in July 2014.

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SKILLMAN, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014
UNAUDITED

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") 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, District–wide Financial Statements and Fund Financial Statements.

- District-Wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.
- 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, which include food services.
- 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 notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. Exhibit A-1 reflects how the various parts of this annual report are arranged and related to one another.

District-Wide Financial Statements

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

The District-Wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the District's assets 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 are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-Wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.

- Business-Type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service activities are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. 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 (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- Governmental Funds: The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.

- 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 financial 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 flow.

- 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.

Financial Analysis of the District as a Whole

The District's combined net position has increased from the 2012-2013 fiscal year. The net position from governmental activities increased $225,133.15. Net position from business-type activities increased $216,791.50. The decrease in the restricted net position from prior year is $323,282.76, primarily due to the decrease in excess surplus, partially offset by increases in unexpended funds for capital purposes. Exhibit A-1 below reflects the District's net position as a whole. Exhibit A-2 reflects the changes in net position from operating results.

Exhibit A-1
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2012	Change
Current and Other Assets	$12,204,233.93	$14,462,791.89	$845,053.95	$621,539.06	$13,049,287.88	$15,084,330.95	-13.49%
Capital Assets	117,149,160.14	118,705,991.07	254,657.95	195,601.98	117,403,818.09	118,901,593.05	-1.26%
Total Assets	129,353,394.07	133,168,782.96	1,099,711.90	817,141.04	130,453,105.97	133,985,924.00	-2.64%
Long-Term Liabilities	71,182,321.52	75,123,284.09			71,182,321.52	75,123,284.09	-5.25%
Short-Term Liabilities	5,820,413.38	5,919,972.85	367,381.23	301,601.87	6,187,794.61	6,221,574.72	-0.54%
Total Liabilities	77,002,734.90	81,043,256.94	367,381.23	301,601.87	77,370,116.13	81,344,858.81	-4.89%
Net Position:							
Net Investment in Capital Assets	44,776,382.26	44,305,464.02	254,657.95	195,601.98	45,031,040.21	44,501,066.00	1.19%
Restricted	8,221,840.74	8,545,123.50			8,221,840.74	8,545,123.50	-3.78%
Unrestricted	(647,563.83)	(725,061.50)	477,672.72	319,937.19	(169,891.11)	(405,124.31)	-58.06%
Total Net Position	$52,350,659.17	$52,125,526.02	$732,330.67	$515,539.17	$53,082,989.84	$52,641,065.19	0.84%

Exhibit A-2
Changes in Net Position from Operating Results

	Governmental Activities FY 2014	Business-Type Activities FY 2014	Total School District FY 2014
Revenue:			
Program Revenue:			
Charges for Services	$407,711.71	$1,640,959.49	$2,048,671.20
Operating Grants and Contributions	11,245,274.81	164,000.12	11,409,274.93
General Revenue:			
Property Taxes	73,866,208.00		73,866,208.00
Federal and State Aid	321,819.62		321,819.62
Other	579,890.34		579,890.34
Total Revenue	86,420,904.48	1,804,959.61	88,225,864.09
Expenses:			
Instruction	50,971,252.84		50,971,252.84
Student and Instructional Related Services	10,742,574.51		10,742,574.51
Administrative and Business	7,662,219.20		7,662,219.20
Maintenance and Operations	8,282,819.92		8,282,819.92
Transportation	5,340,458.21		5,340,458.21
Other	3,196,446.65	1,588,168.11	4,784,614.76
Total Expenses	86,195,771.33	1,588,168.11	87,783,939.44
Increase/(Decrease) in Net Position	$225,133.15	$216,791.50	$441,924.65

Sources of Revenue for Fiscal Year 2014

The District's total revenue for the 2013-2014 school year was $88,225,864.09 as reflected in Exhibit A-3 below. Property taxes accounted for 83.72 percent of the total revenue with the other 16.28 percent consisting of state and federal aid, charges for services, and miscellaneous sources.

Exhibit A-3
Sources of Revenue for Fiscal Year 2014

Sources of Revenue	Amount	Percentage
Property Taxes	$73,866,208.00	83.72%
Operating State and Federal Aid	11,409,274.93	12.93%
Unrestricted Federal and State Grants	321,819.62	0.36%
Charges for Services	2,048,671.20	2.32%
Other	579,890.34	0.66%
	$88,225,864.09	100.00%

Expenses for the Fiscal Year 2014

The total expenses for the 2013-2014 fiscal year for all programs and services were $87,783,939.44. Exhibit A-4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through twelve, which accounts for 77.79 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in all five school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under the GASB entity-wide reporting model; expenses therefore include $3,807,452.98 for depreciation.

Exhibit A-4
Expenses for Fiscal Year 2014

Expense Category	Amount	Percentage
Instruction	$50,971,252.84	59.13%
Student and Instructional Related Services	10,742,574.51	12.46%
Administrative and Business	7,662,219.20	8.89%
Maintenance and Operations	8,282,819.92	9.61%
Transportation	5,340,458.21	6.20%
Other	3,196,446.65	3.71%
	$86,195,771.33	100.00%

Governmental Activities

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

Exhibit A-5
Net Cost of Governmental Activities

Function/Program	Amount	Percentage
Instruction	$42,050,009.16	56.41%
Student and Instruction Related Services	9,634,004.97	12.93%
Administrative and Business	7,173,974.77	9.62%
Maintenance and Operations	8,282,819.92	11.11%
Transportation	4,205,529.34	5.64%
Other	3,196,446.65	4.29%
	$74,542,784.81	100.00%

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Changes in administrative structure and needs required additional funds being transferred into those areas.

- Realigned appropriations in accordance with the prescribed chart of accounts as needed.

Capital Assets

During the fiscal year 2013-2014, the District's depreciation expense and retired assets exceeded capital acquisitions, therefore capital assets net of depreciation decreased. Exhibit A-6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

Exhibit A-6
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2013	FY 2012	Change
Land	6,760,785.00	6,760,785.00			6,760,785.00	6,760,785.00	0.00%
Site Improv.	4,771,626.83	5,093,987.41			4,771,626.83	5,093,987.41	-6.33%
Building and Building Improvements	101,378,289.15	104,337,001.93			101,378,289.15	104,337,001.93	-2.84%
Construction in Progress	1,674,932.02	171,707.47			1,674,932.02	171,707.47	875.46%
Machinery and Equipment	2,563,527.16	2,342,509.26	254,657.95	195,601.98	2,818,185.11	2,538,111.24	11.03%
Total Assets	117,149,160.16	118,705,991.07	254,657.95	195,601.98	117,403,818.11	118,901,593.05	-1.26%

Debt Administration

At June 30, 2014, the District had $75,984,578.86 of outstanding long-term debt, consisting of bonds payable, compensated absences, capital leases, and unamortized premiums and deferred amount of refunding bonds. The District will continue to pay down its debt, as the obligations are due. Exhibit A-7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

Exhibit A-7
Outstanding Long-term Debt

	Total School Debt		Total
	FY 2014	FY 2013	Percentage Change
Capital Leases	$7,865,231.85	$8,325,522.58	-5.53%
Compensated Absences	973,383.50	1,099,506.36	-11.47%
Deferred Amount of Refunding Bonds	(1,608,374.45)	(1,715,316.54)	-6.23%
Original Issue Premium	1,089,337.96	1,180,116.13	-7.69%
Bonds Payable	67,665,000.00	71,405,000.00	-5.24%
	$75,984,578.86	$80,294,828.53	-5.37%

The District's Future

The Montgomery Township School District is in good financial condition presently. The School District is proud of its community support of the public schools. The School District continues to be committed to focus future energies on reducing costs and providing additional revenue sources that will help reduce reliance on the local property taxes, while maintaining the high quality programming.

In conclusion, the Montgomery Township School District has committed itself to financial excellence and fiscal constraint for many years. In addition, the School district's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report can be directed to Mr. Thomas M. Venanzi, School Business Administrator/Board Secretary at the Montgomery Township School District, 1014 Route 601, Skillman, NJ 08558.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2014.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

EXHIBIT "A-1"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	$ 10,628,434.50	$ 777,183.99	$ 11,405,618.49
Receivables, net	859,499.15	8,278.54	867,777.69
Inventory		32,320.08	32,320.08
Prepaid expenses		27,271.34	27,271.34
Restricted assets:			
Restricted cash and cash equivalents	217,684.66		217,684.66
Deferred bond issuance costs, net	498,615.62		498,615.62
Capital assets:			
Not being depreciated	8,435,717.00		8,435,717.00
Other Capital Assets, net	108,713,443.14	254,657.95	108,968,101.09
Total assets	$ 129,353,394.07	$ 1,099,711.90	$ 130,453,105.97
LIABILITIES			
Accounts payable	$ 23,388.52	$ 122,274.39	$ 145,662.91
Payable to state government	36,401.09		36,401.09
Deferred revenue	55,924.57	245,106.84	301,031.41
Interest payable	902,441.86		902,441.86
Noncurrent liabilities:			
Due within one year	4,802,257.34		4,802,257.34
Due beyond one year	71,182,321.52		71,182,321.52
Total liabilities	$ 77,002,734.90	$ 367,381.23	$ 77,370,116.13
NET POSITION			
Net investment in capital assets	$ 44,776,382.26	$ 254,657.95	$ 45,031,040.21
Restricted for:			
Capital projects	1,048,516.66		1,048,516.66
Other purposes	7,173,324.08		7,173,324.08
Unrestricted (deficit)	(647,563.83)	477,672.72	(169,891.11)
Total net position	$ 52,350,659.17	$ 732,330.67	$ 53,082,989.84

See accompanying notes to financial statements.

EXHIBIT "A-2"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
JUNE 30, 2014

		PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	$ 36,151,407.81	$ 138,240.71	$ 3,493,285.23	$ (32,519,881.87)	$	$ (32,519,881.87)
Special education	10,849,481.36		4,734,245.21	(6,115,236.15)		(6,115,236.15)
Other	3,970,363.67	168,950.00	386,522.53	(3,414,891.14)		(3,414,891.14)
Support services:						
Student and instruction related services	10,742,574.51		1,108,569.54	(9,634,004.97)		(9,634,004.97)
General administrative services	1,732,915.84		79,990.30	(1,652,925.54)		(1,652,925.54)
School administrative services	4,232,917.86		255,825.71	(3,977,092.15)		(3,977,092.15)
Central services	1,580,329.18		152,428.42	(1,427,900.76)		(1,427,900.76)
Administration information technology	116,056.32			(116,056.32)		(116,056.32)
Plant operations and maintenance	8,282,819.92			(8,282,819.92)		(8,282,819.92)
Student transportation services	5,340,458.21	100,521.00	1,034,407.87	(4,205,529.34)		(4,205,529.34)
Interest on long term debt	3,073,070.12			(3,073,070.12)		(3,073,070.12)
Unallocated Depreciation	67,556.90			(67,556.90)		(67,556.90)
Unallocated Amortization of Bond Costs	55,819.63			(55,819.63)		(55,819.63)
Total governmental activities	$ 86,195,771.33	$ 407,711.71	$ 11,245,274.81	$ (74,542,784.81)	$	$ (74,542,784.81)
Business-type activities:						
Food service	$ 1,430,767.70	$ 1,431,126.96	$ 164,000.12	$	$ 164,359.38	$ 164,359.38
Other	157,400.41	209,832.53			52,432.12	52,432.12
Total business-type activities	$ 1,588,168.11	$ 1,640,959.49	$ 164,000.12	$	$ 216,791.50	$ 216,791.50
Total primary government	$ 87,783,939.44	$ 2,048,671.20	$ 11,409,274.93	$ (74,542,784.81)	$ 216,791.50	$ (74,325,993.31)
			General Revenues:			
			Taxes:			
			Property taxes - general	$ 66,699,439.00	$	$ 66,699,439.00
			Property taxes - debt service	7,166,769.00		7,166,769.00
			Federal and state aid not restricted	321,819.62		321,819.62
			Miscellaneous income	579,890.34		579,890.34
			Total general revenues	$ 74,767,917.96	$	$ 74,767,917.96
			Change in Net Position	$ 225,133.15	$ 216,791.50	$ 441,924.65
			Net Position - beginning	$ 52,125,526.02	$ 515,539.17	$ 52,641,065.19
			Net Position ending	$ 52,350,659.17	$ 732,330.67	$ 53,082,989.84

See accompanying notes to financial statements.

MAJOR FUND FINANCIAL STATEMENTS

The Individual fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

EXHIBIT "B-1"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

ASSETS AND OTHER DEBITS:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Assets:					
Cash and cash equivalents	$ 7,657,797.67	$	$ 2,970,633.86	$ 2.97	$ 10,628,434.50
Capital reserve account	217,684.66				217,684.66
Accounts receivable:					
State	622,378.78				622,378.78
Federal		221,634.41			221,634.41
Other	10,303.87	5,182.09			15,485.96
Due From Other Funds	168,948.71				168,948.71
Total assets	$ 8,677,113.69	$ 226,816.50	$ 2,970,633.86	$ 2.97	$ 11,874,567.02
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	$ 22,734.20	$ 654.32	$	$	$ 23,388.52
Due to Other Funds		168,948.71			168,948.71
Due to grantors		36,401.09			36,401.09
Deferred revenue	35,112.19	20,812.38			55,924.57
Total liabilities	$ 57,846.39	$ 226,816.50	$	$	$ 284,662.89
Fund balances:					
Restricted for:					
Capital Reserve Account	$ 217,684.66	$	$	$	$ 217,684.66
Excess surplus- designated for subsequent year's expenditures	4,003,652.84				4,003,652.84
Excess surplus-current year	3,169,671.24				3,169,671.24
Capital projects fund			2,082,262.86		2,082,262.86
Debt service fund				2.97	2.97
Committed for:					
Year-end encumbrances			888,371.00		888,371.00
Unassigned:					
General fund	1,228,258.56				1,228,258.56
Total fund balances	$ 8,619,267.30	$	$ 2,970,633.86	$ 2.97	$ 11,589,904.13
Total liabilities and fund balances	$ 8,677,113.69	$ 226,816.50	$ 2,970,633.86	$ 2.97	

Amounts reported for governmental activities in the statement of net assets (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 assets is $162,160,855.43 and the accumulated depreciation is $45,011,695.27	$ 117,149,160.16
The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance cost are $754,680.52 and the accumulated amortization is $256,064.90	498,615.62
Long term liabilities, including bonds and accrued interest payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds	(76,887,020.72)
Net assets of governmental activities	$ 52,350,659.19

See accompanying notes to financial statements.

EXHIBIT "B-2"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	$ 66,699,439.00	$	$	$ 7,166,769.00	$ 73,866,208.00
Tuition	138,240.71				138,240.71
Miscellaneous revenues	840,102.66	34,468.75	9,258.68		883,830.09
Total revenues-local sources	$ 67,677,782.37	$ 34,468.75	$ 9,258.68	$ 7,166,769.00	$ 74,888,278.80
State sources	$ 10,552,184.77	$ 49,059.91	$ (347,001.03)	$ 257,126.00	$ 10,511,369.65
Federal sources		1,021,256.03			1,021,256.03
Total revenues	$ 78,229,967.14	$ 1,104,784.69	$ (337,742.35)	$ 7,423,895.00	$ 86,420,904.48
EXPENDITURES:					
Current expense:					
Instruction:					
Regular	$ 23,023,722.06	$ 151,988.67	$	$	$ 23,175,710.73
Special education	5,458,968.09	870,417.36			6,329,385.45
Other instruction	2,794,696.82	698.32			2,795,395.14
Support services:					
Tuition	2,138,226.38				2,138,226.38
Student and instruction related services	7,445,911.84	60,914.34			7,506,826.18
General administrative services	1,211,594.22				1,211,594.22
School administrative services	3,206,393.83				3,206,393.83
Central services	1,104,493.81				1,104,493.81
Administration information technology	182,194.92				182,194.92
Plant operations and maintenance	7,387,766.94				7,387,766.94
Student transportation services	3,987,232.37				3,987,232.37
Employee benefits	19,930,239.51				19,930,239.51
Charter Schools	2,111.00				2,111.00
Capital outlay	901,902.79	20,766.00	1,503,224.55		2,425,893.34
Debt service:					
Principal				4,327,800.00	4,327,800.00
Interest				3,096,095.52	3,096,095.52
Total expenditures	$ 78,775,454.58	$ 1,104,784.69	$ 1,503,224.55	$ 7,423,895.52	$ 88,807,359.34
Excess (deficiency) of revenues over (under) expenditures	$ (545,487.44)	$	$ (1,840,966.90)	$ (0.52)	$ (2,386,454.86)
Other financing sources (uses):					
Operating transfer out	$ (871,000.00)	$	$ (9,258.68)	$	$ (880,258.68)
Operating transfer in	9,258.68		871,000.00		880,258.68
Capital leases (non-budgeted)	410,000.00				410,000.00
Total financing sources(uses):	$ (451,741.32)	$	$ 861,741.32	$	$ 410,000.00
Net change in fund balances	$ (997,228.76)	$	$ (979,225.58)	$ (0.52)	$ (1,976,454.86)
Fund balances, July 1, 2013	9,616,496.06		3,949,859.44	3.49	13,566,358.99
Fund balances, June 30, 2014	$ 8,619,267.30	$	$ 2,970,633.86	$ 2.97	$ 11,589,904.13

See accompanying notes to financial statements.

EXHIBIT "B-3"

TOWNSHIP OF MONTGOMERY 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, 2014

Total net change in fund balances - governmental funds (from B-2)		$ (1,976,454.86)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.		
Depreciation expense	$ (3,775,080.56)	
Loss on disposal of capital assets	(1,804.03)	
Capital outlays	2,425,893.34	
Capital outlays adjustments	(741,040.10)	
		(2,092,031.35)
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Proceeds from capital leases	(410,000.00)	
		(410,000.00)
Repayment of long-term debt 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.		
Payment of bond principal	3,740,000.00	
Payment of capital leases payable	870,290.73	
Amortization of Original Issue Premium	90,778.16	
Amortization of Deferred Amounts- Refunding Bonds	(106,942.09)	
		4,594,126.80
Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.		
Amortization of Bond Issue Costs		(55,819.63)
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		39,189.33
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 (+).		126,122.86
Change in net position of governmental activities		$ 225,133.15

See accompanying notes to financial statements.

OTHER FUNDS

EXHIBIT "B-4"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2014

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
		NON-MAJOR FUNDS		
	FOOD SERVICE	SUMMER ENRICHMENT	COMMUNITY EDUCATION	TOTAL
ASSETS				
Current assets:				
Cash & cash equivalents	$ 422,455.94	$ 353,368.05	$ 1,360.00	$ 777,183.99
Accounts receivable:				
State	597.12			597.12
Federal	7,681.42			7,681.42
Prepaid expenses		27,271.34		27,271.34
Inventories	32,320.08			32,320.08
Total current assets	$ 463,054.56	$ 380,639.39	$ 1,360.00	$ 845,053.95
Noncurrent assets:				
Furniture, machinery & equipment	$ 873,146.46	$	$	$ 873,146.46
Less accumulated depreciation	(618,488.51)			(618,488.51)
Total noncurrent assets	$ 254,657.95	$	$	$ 254,657.95
Total assets	$ 717,712.51	$ 380,639.39	$ 1,360.00	$ 1,099,711.90
LIABILITIES				
Current liabilities:				
Accounts payable	$ 122,274.39	$	$	$ 122,274.39
Deferred revenue	6,560.39	238,546.45		245,106.84
Total current liabilities	$ 128,834.78	$ 238,546.45	$	$ 367,381.23
Total liabilities	$ 128,834.78	$ 238,546.45	$	$ 367,381.23
NET POSITION				
Invested in capital assets - net	$ 254,657.95	$	$	$ 254,657.95
Unrestricted	334,219.78	142,092.94	1,360.00	477,672.72
Total net position	$ 588,877.73	$ 142,092.94	$ 1,360.00	$ 732,330.67

EXHIBIT "B-5"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

		NON-MAJOR FUNDS		
	FOOD SERVICE	SUMMER ENRICHMENT	COMMUNITY EDUCATION	TOTAL
OPERATING REVENUES:				
Charges for services:				
Daily sales - reimbursable programs	$ 373,804.66	$	$	$ 373,804.66
Daily sales - non-reimbursable programs	1,019,128.03			1,019,128.03
Special functions	38,194.27			38,194.27
Other fees		209,832.53		209,832.53
Total operating revenues	$ 1,431,126.96	$ 209,832.53	$	$ 1,640,959.49
OPERATING EXPENSES:				
Cost of sales	$ 550,679.13	$	$	$ 550,679.13
Salaries	513,369.60	141,302.41		654,672.01
Employee benefits	137,145.04	10,812.00		147,957.04
Other purchased services	112,200.00			112,200.00
Supplies and materials	85,001.51	5,286.00		90,287.51
Depreciation	32,372.42			32,372.42
Total operating expenses	$ 1,430,767.70	$ 157,400.41	$	$ 1,588,168.11
Operating income	$ 359.26	$ 52,432.12	$	$ 52,791.38
NONOPERATING REVENUES (EXPENSES):				
State sources				
State school lunch program	$ 7,689.27	$	$	$ 7,689.27
Federal sources				
National school lunch program	99,673.25			99,673.25
National food distribution commodities	56,637.60			56,637.60
Total nonoperating revenues (expenses)	$ 164,000.12	$	$	$ 164,000.12
Income	$ 164,359.38	$ 52,432.12	$	$ 216,791.50
Total net position - beginning	424,518.35	89,660.82	1,360.00	515,539.17
Total net position - ending	$ 588,877.73	$ 142,092.94	$ 1,360.00	$ 732,330.67

EXHIBIT "B-6"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

		NON-MAJOR FUNDS		
	FOOD SERVICE	SUMMER ENRICHMENT	COMMUNITY EDUCATION	TOTAL
Cash flows from operating activities:				
Receipts from customers	$ 1,431,276.21	$ 254,240.90	$	$ 1,685,517.11
Payments to employees	(513,369.60)	(152,079.89)		(665,449.49)
Payments to employee benefits	(137,145.04)	(12,750.00)		(149,895.04)
Payment to suppliers	(678,845.16)	(5,286.00)		(684,131.16)
Net cash provided (used for) by operating activities	$ 101,916.41	$ 84,125.01	$	$ 186,041.42
Cash flows from noncapital financing activities:				
State Sources	$ 8,133.19	$	$	$ 8,133.19
Federal Sources	99,225.02			99,225.02
Net cash provided by (used for) noncapital financing activities	$ 107,358.21	$	$	$ 107,358.21
Cash flows from capital and related financing activities				
Purchase of capital assets	$ (91,428.39)			(91,428.39)
Net cash used for capital and related financing activities	$ (91,428.39)			(91,428.39)
Net increase (decrease) in cash and cash equivalents	$ 117,846.23	$ 84,125.01	$	$ 201,971.24
Cash and cash equivalents- July 1	304,609.71	269,243.04	1,360.00	575,212.75
Cash and cash equivalents- June 30	$ 422,455.94	$ 353,368.05	$ 1,360.00	$ 777,183.99
Operating income (loss)	$ 359.26	$ 52,432.12	$	$ 52,791.38
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	32,372.42			32,372.42
USDA Commodities	56,637.60			56,637.60
Change in assets and liabilities:				
(Increase) Decrease in inventory	(8,973.11)			(8,973.11)
(Increase) Decrease in other accounts receivable	149.25			149.25
Increase (Decrease) in accounts payable	17,092.72			17,092.72
(Increase) Decrease in prepaid expenses		(12,715.48)		(12,715.48)
Increase (Decrease) in deferred revenue	4,278.27	44,408.37		48,686.64
Net cash provided (used) by operating activities	$ 101,916.41	$ 84,125.01	$	$ 186,041.42

EXHIBIT "B-7"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2014

	AGENCY FUNDS			
	STUDENT ACTIVITY	PAYROLL AGENCY	SCHOLARSHIP FUNDS	STATE UNEMPLOYMENT COMPENSATION TRUST
ASSETS				
Cash and cash equivalents	$ 501,399.32	$ 2,157,672.97	$ 57,127.59	$ 497,741.80
Total assets	$ 501,399.32	$ 2,157,672.97	$ 57,127.59	$ 497,741.80
LIABILITIES				
Net Salary payable	$	$ 1,795,309.13	$	$
Payroll deductions and withholdings		362,363.84		
Due to student groups	501,399.32			
Total liabilities	$ 501,399.32	$ 2,157,672.97	$	$
NET POSITION				
Reserve for state unemployment	$	$	$	$ 497,741.80
Reserve for scholarship awards			57,127.59	
Total net position	$ -0-	$ -0-	$ 57,127.59	$ 497,741.80

EXHIBIT "B-8"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	SCHOLARSHIP FUNDS	STATE UNEMPLOYMENT COMPENSATION TRUST
ADDITIONS:		
Contributions:		
Employee Contributions	$	$ 123,359.99
Board Contributions		
Other	2,326.00	
Total contributions	$ 2,326.00	$ 123,359.99
Investment earnings:		
Interest	$ 36.96	$
Net investment earnings	$ 36.96	$
Total additions	$ 2,362.96	$ 123,359.99
DEDUCTIONS:		
Unemployment claims	$	$ 134,948.52
Awards	5,925.00	
Total deductions	$ 5,925.00	$ 134,948.52
Change in net position	$ (3,562.04)	$ (11,588.53)
Net assets - July 1	$ 60,689.63	$ 509,330.33
Net assets - June 30	$ 57,127.59	$ 497,741.80

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Montgomery School District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental 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.

Reporting Entity

The Township of Montgomery School District is a Type II District located in Somerset County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms 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.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 14 of the Governmental Accounting Standards Board entitled “The Financial Reporting Entity” (GASB 14) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under GASB Statement 14 the financial reporting entity is determined by the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the board exercises operating control. The operations of the District include one elementary school and one middle school. 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.

Basis of Presentation, Basis of Accounting

The District’s basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

District-wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for 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 the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues. 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 Expense 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 temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the State to offset the cost of approved capital projects.

Debt Service Fund – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is 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 on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Fund Types -

Agency Funds - The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

Unemployment Compensation Insurance Trust Fund - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

Payroll and Student Activities Funds (Agency) - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Private Purpose Trust Funds – These are trust funds used to account for assets donated by individuals that will provide for the payment of awards and scholarships to district students.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transactions can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Account Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. 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 and transfers must be approved by School Board resolution. All budget amounts presented in the accompanying required supplementary information reflect the original annual budget and all legally authorized revisions, such as amendments and transfers, which represents the final or amended budget.

All budget 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).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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 legally mandated recognition of one or more state aid payments for budgetary purposes only and 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial records.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund and capital projects fund for which the District has received advances are reflected in the balance sheet as deferred revenues 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.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

Compensated Absences

The District accounts for compensated absences (e.g., unused sick days) 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 sick days in accordance with the District's employment contract and personnel policy. Upon retirement, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount of 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.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Fund Equity

Fund balance reserves are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unreserved fund balances represent the amount available for future budgetary operations.

Unrestricted retained earnings represent the remains of the District's equity in the cumulative earnings of the food service fund.

Deferred Revenue

Deferred revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable under generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net Position represents the difference between assets and liabilities. Net Assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

In fiscal year 2011, the District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement modifies fund balance reporting and clarifies fund type definitions. This new Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently.

The restricted fund balance classification includes amounts that are subject to externally enforceable legal restriction such as by constitutional provision, enabling legislation or other government imposed restrictions. The committed fund balance classification includes amounts constrained for a specific purpose by a government using its highest decision-making authority. The assigned fund balance classification includes amounts for all funds, other than the general fund with any remaining positive balances not already classified as restricted or committed. For the general fund, amounts constrained with the intent to be used for a specific purpose by the governing board or an official delegated authority by the board. The unassigned fund balance classification includes for the general fund, amounts not classified as restricted, committed or assigned. The general fund is the only fund that will report a positive unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned. Fund balance restrictions have been established for excess surplus, excess surplus-designated for subsequent year's expenditures, capital reserve and emergency reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues 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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income is earned. 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 District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the 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 both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Proprietary Funds Revenues and Expenses

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function in the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately in the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than $25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits (Continued)

The Township of Montgomery School District had the following cash and cash equivalents at June 30, 2014:

	Cash in Bank	Reconciling Items	Reported Total
General Fund	$ 8,495,789.37	(620,307.04)	$ 7,875,482.33
Special Revenue Fund			0.00
Capital Projects Fund	2,970,633.86		2,970,633.86
Debt Service Fund	2.97		2.97
Enterprise Funds	781,758.91	(4,574.92)	777,183.99
Fiduciary Funds	3,426,907.41	(212,965.73)	3,213,941.68
	$ 15,675,092.52	(837,847.69)	$ 14,837,244.83

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2014, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, $500,000.00 was covered by Federal Depository Insurance and $15,175,092.52 was covered under the provisions of NJGUDPA.

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the “Investment Company Act of 1940,” 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

8. Agreements for the repurchase of fully collateralized securities if:

    a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
    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. 17:19-41); and
    e. a master repurchase agreement providing for the custody and security of collateral is executed.

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 6,760,785.00	$	$	$ 6,760,785.00
Construction in progress	171,707.47	1,503,224.55		1,674,932.02
Total capital assets that are not depreciated	$ 6,932,492.47	$ 1,503,224.55	$	$ 8,435,717.02
Capital assets being depreciated:				
Site improvements	$ 7,870,713.80	$	$	$ 7,870,713.80
Building and building improvements	135,156,541.46		74,019.26	135,082,522.20
Machinery and equipment	10,329,923.02	790,848.39	348,869.00	10,771,902.41
Total capital assets being depreciated	$ 153,357,178.28	$ 790,848.39	$ 422,888.26	$ 153,725,138.41
Total gross assets	$ 160,289,670.75	$ 2,294,072.94	$ 422,888.26	$ 162,160,855.43
Less: accumulated depreciation for:				
Site improvements	$ (2,776,726.39)	$ (322,360.58)	$	$ (3,099,086.97)
Building and building improvements	(30,819,539.53)	(2,884,693.52)		(33,704,233.05)
Machinery and equipment	(7,987,413.76)	(568,026.46)	(347,064.97)	(8,208,375.25)
	$ (41,583,679.68)	$ (3,775,080.56)	$ (347,064.97)	$ (45,011,695.27)
Governmental activities capital assets, net	$ 118,705,991.07	$ (1,481,007.62)	$ 75,823.29	$ 117,149,160.16
Business type activities:				
Machinery and equipment	$ 828,618.07	$ 91,428.39	$ 46,900.00	$ 873,146.46
Less: accumulated depreciation	(633,016.09)	(32,372.42)	(46,900.00)	(618,488.51)
Proprietary fund capital assets, net	$ 195,601.98	$ 59,055.97	$	$ 254,657.95

NOTE 3: CHANGE IN CAPITAL ASSETS

Depreciation was charged to the following expense functions of the district:

Instruction:		
Regular	$	$1,959,150.62
Special		182,403.68
Other		9,457.97
Support Services:		
Student and Instruction related services		87,824.00
General and business related services		533,699.65
Plant operations & maintenance		124,304.73
Transportation		810,683.01
Unallocated		67,556.90
Total Depreciation Expenses, Governmental Activities	$	3,775,080.56

NOTE 4: LONG-TERM DEBT

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

NOTE 4: LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2014:

	Bonds Payable	Compensated Absences Payable	Capital Leases	Premium and Deferred Amt. Refunding Bond	Total
Balance June 30, 2013	$ 71,405,000.00	$ 1,099,506.36	$ 8,325,522.58	$ (535,200.41)	$ 80,294,828.53
Additions			410,000.00		410,000.00
	$ 71,405,000.00	$ 1,099,506.36	$ 8,735,522.58	$ (535,200.41)	$ 80,704,828.53
Deletions	3,740,000.00	126,122.86	870,290.73	(16,163.92)	4,720,249.67
Balance June 30, 2014	$ 67,665,000.00	$ 973,383.50	$ 7,865,231.85	$ (519,036.49)	$ 75,984,578.86
Amounts due within one year	$ 3,815,000.00	$ 97,338.35	$ 889,918.99		$ 4,802,257.34

Capital Leases Payable:

The Board has entered into various capital leases for copier equipment and school buses. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at June 30, 2014:

Year	Amount
2015	$ 1,137,563.17
2016	1,141,097.19
2017	1,053,053.27
2018-2024	5,863,446.85
Total Minimum Lease Payments	$ 9,195,160.48
Less: Amounts Representing Interest	1,329,928.63
Present Value of Minimum Lease Payments	$ 7,865,231.85

NOTE 4: LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2014, including interest payments on issued debt, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2015	$ 3,815,000.00	$ 2,725,505.02	$ 6,540,505.02
2016	3,885,000.00	2,609,430.02	6,494,430.02
2017	3,975,000.00	2,472,005.02	6,447,005.02
2018	4,085,000.00	2,310,251.89	6,395,251.89
2019	4,225,000.00	2,129,908.76	6,354,908.76
2020	4,365,000.00	1,940,293.76	6,305,293.76
2021	4,495,000.00	1,763,993.76	6,258,993.76
2022	4,630,000.00	1,582,968.76	6,212,968.76
2023	4,770,000.00	1,396,658.76	6,166,658.76
2024	4,910,000.00	1,204,128.76	6,114,128.76
2025	5,070,000.00	995,188.76	6,065,188.76
2026	3,845,000.00	799,793.76	4,644,793.76
2027	2,850,000.00	659,225.00	3,509,225.00
2028	2,980,000.00	541,662.50	3,521,662.50
2029	3,110,000.00	415,012.50	3,525,012.50
2030	3,255,000.00	282,837.50	3,537,837.50
2031	3,400,000.00	144,500.00	3,544,500.00
	$ 67,665,000.00	$ 23,973,364.53	$ 91,638,364.53

NOTE 4: LONG-TERM DEBT (CONTINUED)

The Bonds Issued and Outstanding at year end are comprised of the following issues:

School Bonds

$46,200,000 of 2007 bonds due in remaining annual installments of $495,000 to $3,400,000 through April 2031 at interest rates of 4.0% to 5.0%	$	41,590,000.00
$14,125,000 of 2010 bonds due in remaining annual installments of $855,000 to $1,330,000 through September 2024 at interest rates of 2% to 3.3%		11,845,000.00
$17,215,000 of 2011 bonds due in remaining annual installments of $1,110,000 to $1,325,000 through September 2024 at interest rates of 2% to 5.0%		14,230,000.00
	$	67,665,000.00

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2014, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

Year	Equalized Valuation of Real Property
2013	$4,559,222,524.00
2012	4,727,545,618.00
2011	4,659,822,424.00
	$13,946,590,566.00
Average equalized valuation of property	$4,648,863,522.00
School borrowing margin (4% of $4,727,719,453.67)	$185,954,540.88
Net bonded school debt and authorized but not issued as of June 30, 2014	67,665,000.00
School borrowing power available	$118,289,540.88

Bonds Authorized But Not Issued

As of June 30, 2014, the District had $739,763 bonds authorized but not issued.

NOTE 5: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of new Jersey makes the employer contribution on behalf of public school districts.

PERS Contribution Requirements

Year June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	$ 839,663.00	100.00%	$ 839,663.00
2013	808,471.00	100.00%	808,471.00
2012	878,270.00	100.00%	878,270.00

During the fiscal years ended June 30, 2014, 2013, and 2012, the State of New Jersey contributed $1,285,170.00, $2,007,635.00, and $903,785.00, respectively to the TPAF pension system on behalf of the District.

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $2,429,330.77 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the governmental fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 6: GASB – 45 OTHER POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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, 2013 there were 100,134 retirees eligible for post-retirement medical benefits, and the State contributed $1.07 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a 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 Chapter 126, P.L. 1992, 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 $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2014, 2013, and 2012 were $2,293,189.00, $2,389,568.00, and $2,011,817.00, respectively, which equaled the required contributions for each year.

NOTE 7: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

NOTE 8: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2013-2014 fiscal year were subject to the U.S. OMB A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

NOTE 9: 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 maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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 table is a summary of District contributions, 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:

Year	Earned	Contributions	Reimbursed	Balance
2013-14	$	$ 123,359.99	$ 134,948.52	$ 497,741.80
2012-13		309,861.62	143,577.55	509,330.33
2011-12	220.94	283,858.90	227,092.88	343,046.26

NOTE 10: FUND BALANCE APPROPRIATED – BUDGETARY BASIS

General Fund - Of the $8,994,614.30 in General Fund Balance at June 30, 2014, $217,684.66 has been restricted in the Capital Reserve Account; $4,003,652.84 has been restricted as excess surplus resulting from the year ended June 30, 2013; $3,169,671.24 has been restricted as excess surplus resulting from the year ended June 30, 2014; and $1,603,605.56 is unassigned.

NOTE 11: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance Excess Surplus is a required calculation in accordance with N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve 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 years' budget. The combined excess fund balance resulting from the years ended June 30, 2014 and 2013 is $7,173,324.08.

NOTE 11: CALCULATION OF EXCESS SURPLUS (CONTINUED)

General Fund Expenditures	
Fiscal Year Ended June 30, 2014	$78,775,454.58
Add:	
Transfer from Capital Reserve to Capital Projects Fund	871,000.00
Less:	
On-behalf TPAF Pension and Social Security Reimbursement and assets acquired under capital leases	6,531,126.77
Adjusted General Fund Expenditures	73,115,327.81
Excess Surplus Percentage	2.00%
2% of Adjusted 2013-14 General Fund Expenditures	1,462,306.56
Add: Allowable Adjustments	141,299.00
Maximum Unreserved/Undesignated Fund Balance	1,603,605.56
Actual Unreserved/Undesignated Fund Balance	8,776,929.64
General Fund Expenditures:	
Excess Surplus	$7,173,324.08

NOTE 12: CAPITAL RESERVE ACCOUNT

A capital reserve account was originally established by the Township of Montgomery School District by inclusion of $100.00 on September 25, 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. The balance remaining in the reserve as of June 30, 2014 is $217,684.66.

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 department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

NOTE 12: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	$1,088,684.66
Increased by:	
Board resolution	1,088,684.66
Decreased by:	
Transfer to Capital Projects Fund	(871,000.00)
Ending balance, June 30, 2014	$217,684.66

NOTE 13: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2014.

NOTE 14: SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the financial statement date through September 18, 2014 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no material subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION - Part II

BUDGETARY COMPARISON SCHEDULES

EXHIBIT "C-1"
SHEET #1

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local sources:					
Local tax levy	$ 66,699,439.00	$	$ 66,699,439.00	$ 66,699,439.00	$
Tuition	150,028.00		150,028.00	138,240.71	(11,787.29)
Unrestricted miscellaneous	521,591.00		521,591.00	840,102.66	318,511.66
Total revenues-local sources	$ 67,371,058.00	$	$ 67,371,058.00	$ 67,677,782.37	$ 306,724.37
State sources:					
Extraordinary aid	$ 360,945.00	$	$ 360,945.00	$ 433,113.00	$ 72,168.00
Categorical special education aid	2,572,960.00		2,572,960.00	2,572,960.00	
Categorical security aid	387,267.00		387,267.00	387,267.00	
Categorical transportation aid	965,840.00		965,840.00	965,840.00	
Adjustment Aid	4,389.00		4,389.00	4,389.00	
Nonpublic Transportation Aid				69,131.00	69,131.00
On -behalf TPAF post retirement medical contribution (non-budgeted)				2,293,189.00	2,293,189.00
On -behalf TPAF non-contributory insurance (non-budgeted)				113,437.00	113,437.00
On -behalf TPAF pension contribution (non-budgeted)				1,285,170.00	1,285,170.00
Reimbursed TPAF social security cont. (non-budgeted)				2,429,330.77	2,429,330.77
Total - state sources	$ 4,291,401.00	$	$ 4,291,401.00	$ 10,553,826.77	$ 6,262,425.77
Total revenues	$ 71,662,459.00	$	$ 71,662,459.00	$ 78,231,609.14	$ 6,569,150.14
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	$ 441,619.00	$ (32,660.00)	$ 408,959.00	$ 404,901.61	$ 4,057.39
Grades 1-5	8,148,210.00	(77,602.00)	8,070,608.00	7,981,836.66	88,771.34
Grades 6-8	5,138,266.00	46,737.00	5,185,003.00	5,003,044.92	181,958.08
Grades 9-12	7,910,461.00	(103,791.00)	7,806,670.00	7,591,542.94	215,127.06
Regular programs - home instruction:					
Salaries of teachers	66,000.00	42,878.00	108,878.00	99,314.84	9,563.16
Purchased professional-educational services	25,000.00	36,125.00	61,125.00	54,458.54	6,666.46
Regular programs - undistributed instruction:					
Purchased technical services	3,750.00		3,750.00	3,750.00	
Other purchased services (400-500 series)	158,805.00	3,898.00	162,703.00	143,953.19	18,749.81
General supplies	1,805,607.00	(41,791.00)	1,763,816.00	1,533,394.33	230,421.67
Textbooks	242,316.00	(7,097.00)	235,219.00	204,684.03	30,534.97
Other objects	3,780.00		3,780.00	2,841.00	939.00
Total regular programs	$ 23,943,814.00	$ (133,303.00)	$ 23,810,511.00	$ 23,023,722.06	$ 786,788.94

EXHIBIT "C-1"
SHEET #2

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Cognitive - Moderate:					
Salaries of teachers	$ 68,764.00	$ 4,290.00	$ 73,054.00	$ 72,092.45	$ 961.55
Other salaries for instruction	15,835.00	9,067.00	24,902.00	24,403.12	498.88
General supplies	2,600.00	(1,000.00)	1,600.00	331.55	1,268.45
Total cognitive - moderate	$ 87,199.00	$ 12,357.00	$ 99,556.00	$ 96,827.12	$ 2,728.88
Learning and/or language disabilities:					
Salaries of teachers	$ 674,775.00	$ (84,701.00)	$ 590,074.00	$ 585,205.51	$ 4,868.49
Other salaries for instruction	356,184.00	(4,552.00)	351,632.00	345,804.70	5,827.30
General supplies	12,313.00	(1,300.00)	11,013.00	9,156.19	1,856.81
Total learning and/or language disabilities	$ 1,043,272.00	$ (90,553.00)	$ 952,719.00	$ 940,166.40	$ 12,552.60
Resource room:					
Salaries of teachers	$ 3,646,953.00	$ 170,284.00	$ 3,817,237.00	$ 3,816,835.98	$ 401.02
Other salaries for instruction	21,814.00	(1,989.00)	19,825.00	18,897.50	927.50
General supplies	54,664.00	(21,400.00)	33,264.00	30,724.15	2,539.85
Textbooks	2,000.00		2,000.00	336.11	1,663.89
Total resource room	$ 3,725,431.00	$ 146,895.00	$ 3,872,326.00	$ 3,866,793.74	$ 5,532.26
Autism:					
Salaries of teachers	$ 144,356.00	$ (3,382.00)	$ 140,974.00	$ 138,971.55	$ 2,002.45
Other salaries for instruction	61,825.00	(6,042.00)	55,783.00	53,194.93	2,588.07
General supplies	4,625.00		4,625.00	3,282.05	1,342.95
Total autism	$ 210,806.00	$ (9,424.00)	$ 201,382.00	$ 195,448.53	$ 5,933.47
Preschool disabilities - part-time:					
Salaries of teachers	$ 215,557.00	$ 10,517.00	$ 226,074.00	$ 225,310.45	$ 763.55
Other salaries for instruction	145,563.00	(11,996.00)	133,567.00	133,179.87	387.13
General supplies	1,800.00		1,800.00	1,241.98	558.02
Total preschool disabilities - part-time	$ 362,920.00	$ (1,479.00)	$ 361,441.00	$ 359,732.30	$ 1,708.70
Total special education	$ 5,429,628.00	$ 57,796.00	$ 5,487,424.00	$ 5,458,968.09	$ 28,455.91
Basic skills/remedial:					
Salaries of teachers	$ 1,308,922.00	$ (45,227.00)	$ 1,263,695.00	$ 1,259,093.95	$ 4,601.05
General supplies	31,418.00	(600.00)	30,818.00	28,467.55	2,350.45
Total basic skills/remedial	$ 1,340,340.00	$ (45,827.00)	$ 1,294,513.00	$ 1,287,561.50	$ 6,951.50
Bilingual education:					
Salaries of teachers	$ 196,133.00	$ 3,902.00	$ 200,035.00	$ 199,375.00	$ 660.00
Total bilingual education	$ 196,133.00	$ 3,902.00	$ 200,035.00	$ 199,375.00	$ 660.00

EXHIBIT "C-1"
SHEET #3

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
School sponsored cocurricular activities:					
Salaries	$ 296,490.00	$ 11,058.00	$ 307,548.00	$ 302,529.78	$ 5,018.22
Purchased services (300-500 series)	4,100.00		4,100.00	3,692.84	407.16
Supplies and Materials	36,615.00	(5,055.00)	31,560.00	24,508.44	7,051.56
Other objects	27,602.00	(5,250.00)	22,352.00	20,185.57	2,166.43
Total school sponsored cocurricular activities	$ 364,807.00	$ 753.00	$ 365,560.00	$ 350,916.63	$ 14,643.37
School sponsored athletics:					
Salaries	$ 676,106.00	$ 9,075.00	$ 685,181.00	$ 659,846.76	$ 25,334.24
Purchased services (300-500 series)	79,450.00	(6,075.00)	73,375.00	67,158.33	6,216.67
Supplies and materials	106,000.00	(1,786.00)	104,214.00	103,939.82	274.18
Other objects	35,567.00		35,567.00	34,789.00	778.00
Transfers to cover deficit (agency funds)	77,958.00	(214.00)	77,744.00	77,744.00	
Total school sponsored athletics	$ 975,081.00	$ 1,000.00	$ 976,081.00	$ 943,477.91	$ 32,603.09
Other Instructional Programs- Instruction:					
Salaries	$ 17,278.00	$	$ 17,278.00	$ 13,365.78	$ 3,912.22
Total other instructional programs - instruction	$ 17,278.00	$	$ 17,278.00	$ 13,365.78	$ 3,912.22
Total other instructional programs	$ 2,893,639.00	$ (40,172.00)	$ 2,853,467.00	$ 2,794,696.82	$ 58,770.18
Total - instruction	$ 32,267,081.00	$ (115,679.00)	$ 32,151,402.00	$ 31,277,386.97	$ 874,015.03
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within the state-regular	$ 25,398.00	$ (5,263.00)	$ 20,135.00	$ 20,134.80	$ 0.20
Tuition to other LEA's within the state-special	720,674.00	(69,060.00)	651,614.00	651,614.00	
Tuition to county voc school district-regular	5,300.00	7,875.00	13,175.00	13,175.00	
Tuition to county voc school district-special	48,336.00	10,944.00	59,280.00	59,280.00	
Tuition to private school for the disabled within state	1,240,538.00	(241,405.00)	999,133.00	974,677.08	24,455.92
Tuition to private school for the disabled and other LEA's	83,750.00	(23,825.00)	59,925.00	59,925.00	
Tuition - other	213,775.00	145,646.00	359,421.00	359,420.50	0.50
Total undistributed expenditures - instruction	$ 2,337,771.00	$ (175,088.00)	$ 2,162,683.00	$ 2,138,226.38	$ 24,456.62
Attendance and Social Work:					
Salaries	$ 4,132.00	$	$ 4,132.00	$ 4,132.00	$
Total attendance and social work	$ 4,132.00	$	$ 4,132.00	$ 4,132.00	$

EXHIBIT "C-1"
SHEET #4

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Health services:					
Salaries	$ 685,254.00	$ (14,603.00)	$ 670,651.00	$ 667,515.27	$ 3,135.73
Purchased professional and technical services	17,300.00	198.00	17,498.00	17,497.79	0.21
Other purchased services (400-500 series)	1,125.00		1,125.00	625.00	500.00
Supplies and materials	22,199.00	(198.00)	22,001.00	21,717.95	283.05
Total health services	$ 725,878.00	$ (14,603.00)	$ 711,275.00	$ 707,356.01	$ 3,918.99
Other support services - student related services:					
Salaries	$ 841,879.00	$ (16,552.00)	$ 825,327.00	$ 824,549.18	$ 777.82
Purchased professional - educational services	194,900.00	200.00	195,100.00	179,411.93	15,688.07
Supplies and materials	16,650.00	(2,800.00)	13,850.00	12,342.46	1,507.54
Other objects	1,500.00		1,500.00		1,500.00
Total other support services - students related services	$ 1,054,929.00	$ (19,152.00)	$ 1,035,777.00	$ 1,016,303.57	$ 19,473.43
Other support services - student extra services:					
Salaries	$ 682,825.00	$ 82,086.00	$ 764,911.00	$ 762,677.92	$ 2,233.08
Purchased professional - educational services	76,371.00	30,220.00	106,591.00	105,428.49	1,162.51
Total other support services - student extra services	$ 759,196.00	$ 112,306.00	$ 871,502.00	$ 868,106.41	$ 3,395.59
Guidance:					
Salaries of other professional staff	$ 1,140,488.00	$ 27,596.00	$ 1,168,084.00	$ 1,159,738.60	$ 8,345.40
Salaries of secretarial and clerical assistants	127,602.00	(4,204.00)	123,398.00	122,911.14	486.86
Other salaries	82,819.00	1,449.00	84,268.00	84,267.84	0.16
Other purchased professional and technical services	26,957.00	5,125.00	32,082.00	30,676.30	1,405.70
Other purchased services (400-500 series)	8,295.00	(126.00)	8,169.00	1,695.43	6,473.57
Supplies and materials	21,420.00	1.00	21,421.00	11,655.93	9,765.07
Total guidance	$ 1,407,581.00	$ 29,841.00	$ 1,437,422.00	$ 1,410,945.24	$ 26,476.76
Other support services - students - special services:					
Salaries of other professional staff	$ 1,162,102.00	$ (6,903.00)	$ 1,155,199.00	$ 1,154,413.18	$ 785.82
Salaries of secretarial and clerical assistants	197,407.00	2,007.00	199,414.00	197,251.95	2,162.05
Other salaries	2,500.00	500.00	3,000.00	2,740.20	259.80
Purchased professional-educational services	30,000.00	33,600.00	63,600.00	54,364.10	9,235.90
Other purchased professional and technical services	13,003.00		13,003.00	12,977.95	25.05
Other purchased services (400-500 series)	11,515.00		11,515.00	7,534.18	3,980.82
Residential Costs	38,160.00		38,160.00	37,583.04	576.96
Supplies and materials	27,820.00	800.00	28,620.00	27,923.36	696.64
Total other support services - students - special services	$ 1,482,507.00	$ 30,004.00	$ 1,512,511.00	$ 1,494,787.96	$ 17,723.04

EXHIBIT "C-1"
SHEET #5

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Improvement of instructional services:					
Salaries of supervisor of instruction	$ 279,917.00	$ 15,635.00	$ 295,552.00	$ 295,551.64	$ 0.36
Salaries of other professional staff	114,425.00	(26,500.00)	87,925.00	67,453.65	20,471.35
Salaries of secretarial and clerical assistants	36,934.00	(610.00)	36,324.00	36,323.04	0.96
Salaries of facilitators, math, and literacy coaches	14,320.00	(4,895.00)	9,425.00	1,790.00	7,635.00
Purchased professional-educational services	1,900.00		1,900.00	1,489.25	410.75
Other purchased services (400-500 series)		1,000.00	1,000.00	15.81	984.19
Supplies and materials	13,167.00		13,167.00	9,896.23	3,270.77
Other objects	9,770.00		9,770.00	7,533.00	2,237.00
Total improvement of instructional services	$ 470,433.00	$ (15,370.00)	$ 455,063.00	$ 420,052.62	$ 35,010.38
Educational media services/school library:					
Salaries	$ 845,498.00	$ (2,263.00)	$ 843,235.00	$ 818,093.50	$ 25,141.50
Purchased professional and technical services	9,500.00		9,500.00	8,952.40	547.60
Other purchased services (400-500 series)	56,820.00		56,820.00	44,537.31	12,282.69
Supplies and materials	144,412.00	(1,737.00)	142,675.00	135,604.70	7,070.30
Total educational media services/school library	$ 1,056,230.00	$ (4,000.00)	$ 1,052,230.00	$ 1,007,187.91	$ 45,042.09
Instructional staff training services:					
Salaries of supervisor of instruction	$ 343,024.00	$ (12,221.00)	$ 330,803.00	$ 330,802.39	$ 0.61
Salaries of other professional staff	74,205.00	22,000.00	96,205.00	64,003.98	32,201.02
Salaries of secretarial and clerical assistants	15,829.00		15,829.00	15,566.88	262.12
Other salaries	1,700.00		1,700.00		1,700.00
Purchased professional-educational services	57,896.00	14,500.00	72,396.00	62,810.10	9,585.90
Other purchased services (400-500 series)	98,794.00	(11,000.00)	87,794.00	29,949.91	57,844.09
Supplies and materials	21,871.00		21,871.00	13,906.86	7,964.14
Total instructional staff training services	$ 613,319.00	$ 13,279.00	$ 626,598.00	$ 517,040.12	$ 109,557.88
Support services general administration:					
Salaries	$ 512,556.00	$ (6,011.00)	$ 506,545.00	$ 504,668.40	$ 1,876.60
Legal services	160,000.00	190,530.00	350,530.00	309,952.12	40,577.88
Audit fees	26,000.00		26,000.00	26,000.00	
Architectural / engineering services	8,000.00	(1,500.00)	6,500.00	6,500.00	
Other purchased professional services	10,000.00	18,400.00	28,400.00	25,565.50	2,834.50
Communications/Telephone	83,579.00	(10,000.00)	73,579.00	54,705.67	18,873.33
BOE Other Purchased Service	3,000.00	(1,400.00)	1,600.00	1,582.00	18.00
Misc. purchased services (400-500)	241,125.00	12,009.00	253,134.00	252,196.29	937.71
General supplies	5,275.00	(980.00)	4,295.00	3,690.14	604.86
BOE in-house training / meeting supplies	500.00	(500.00)			
Miscellaneous expenditures	10,650.00	(6,689.00)	3,961.00	3,556.00	405.00
BOE membership dues and fees	23,700.00	(500.00)	23,200.00	23,178.10	21.90
Total support services general administration	$ 1,084,385.00	$ 193,359.00	$ 1,277,744.00	$ 1,211,594.22	$ 66,149.78

EXHIBIT "C-1"
SHEET #6

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Support services school administration:					
Salaries of principals/asst. principals	$ 1,615,314.00	$	$ 1,615,314.00	$ 1,614,035.08	$ 1,278.92
Salaries of other professional staff	829,330.00	(20,012.00)	809,318.00	808,925.05	392.95
Salaries of secretarial and clerical assistants	692,090.00	3,127.00	695,217.00	693,570.43	1,646.57
Other purchased services (400-500 series)	30,356.00		30,356.00	14,590.19	15,765.81
Supplies and materials	74,344.00		74,344.00	62,683.08	11,660.92
Other objects	20,462.00	(6,000.00)	14,462.00	12,590.00	1,872.00
Total support services school administration	$ 3,261,896.00	$ (22,885.00)	$ 3,239,011.00	$ 3,206,393.83	$ 32,617.17
Central services:					
Salaries	$ 910,207.00	$ 59,928.00	$ 970,135.00	$ 961,689.18	$ 8,445.82
Purchased professional services	5,500.00	56,749.00	62,249.00	48,657.87	13,591.13
Purchased technical services	49,840.00	866.00	50,706.00	50,703.20	2.80
Misc. purchased services (400-500 series)	27,250.00	500.00	27,750.00	15,659.30	12,090.70
Supplies and materials	26,270.00		26,270.00	21,582.76	4,687.24
Miscellaneous expenditures	6,725.00		6,725.00	6,201.50	523.50
Total central services:	$ 1,025,792.00	$ 118,043.00	$ 1,143,835.00	$ 1,104,493.81	$ 39,341.19
Admin. Info. Technology:					
Salaries	$ 50,687.00	$	$ 50,687.00	$ 50,684.40	$ 2.60
Other purchased services (400-500 series)	87,973.00		87,973.00	87,498.36	474.64
Supplies and materials	45,300.00	2,000.00	47,300.00	44,012.16	3,287.84
Total admin. info. technology	$ 183,960.00	$ 2,000.00	$ 185,960.00	$ 182,194.92	$ 3,765.08
Total Central Services and Administrative Info Technology	$ 1,209,752.00	$ 120,043.00	$ 1,329,795.00	$ 1,286,688.73	$ 43,106.27
Required maintenance for school facilities:					
Salaries	$ 510,362.00	$	$ 510,362.00	$ 500,978.65	$ 9,383.35
Cleaning, repair and maintenance services	1,708,280.00	(1,000.00)	1,707,280.00	1,484,895.72	222,384.28
General supplies	151,500.00	7,808.00	159,308.00	96,296.45	63,011.55
Total required maintenance for school facilities	$ 2,370,142.00	$ 6,808.00	$ 2,376,950.00	$ 2,082,170.82	$ 294,779.18

EXHIBIT "C-1"
SHEET #7

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Custodial services:					
Salaries	$ 1,854,023.00	$ (2,000.00)	$ 1,852,023.00	$ 1,788,489.60	$ 63,533.40
Salaries of non-instructional aides	235,797.00	5,832.00	241,629.00	198,511.64	43,117.36
Purchased professional and technical services	22,000.00	4,548.00	26,548.00	20,242.93	6,305.07
Cleaning, repair and maintenance services	432,775.00	8,015.00	440,790.00	357,624.19	83,165.81
Other purchased property services	263,088.00	(31,300.00)	231,788.00	164,767.06	67,020.94
Insurance	349,032.00		349,032.00	347,611.00	1,421.00
Miscellaneous Purchased Services	15,750.00		15,750.00	14,037.50	1,712.50
General supplies	210,995.00	6,024.00	217,019.00	186,751.27	30,267.73
Energy (electricity)	505,000.00	71,300.00	576,300.00	570,486.60	5,813.40
Energy (natural gas)	1,485,000.00	(84,000.00)	1,401,000.00	1,345,788.08	55,211.92
Other objects	11,000.00		11,000.00	7,138.00	3,862.00
Total custodial services	$ 5,384,460.00	$ (21,581.00)	$ 5,362,879.00	$ 5,001,447.87	$ 361,431.13
Care and upkeep of grounds:					
Salaries	$ 205,984.00	$	$ 205,984.00	$ 205,332.34	$ 651.66
Cleaning, repair and maintenance services	50,800.00	(20,066.00)	30,734.00	20,873.65	9,860.35
General supplies	78,500.00	10,393.00	88,893.00	77,942.26	10,950.74
Total Care and upkeep of grounds:	$ 335,284.00	$ (9,673.00)	$ 325,611.00	$ 304,148.25	$ 21,462.75
Operation and Maintenance of Plant Services	$ 8,089,886.00	$ (24,446.00)	$ 8,065,440.00	$ 7,387,766.94	$ 677,673.06
Student transportation services:					
Salaries of non-instructional aides	$ 174,214.00	$ 3,513.00	$ 177,727.00	$ 173,822.00	$ 3,905.00
Sal. for pupil Trans. (between home and school) - Reg.	1,317,076.00	(52,756.00)	1,264,320.00	1,264,248.49	71.51
Sal. for pupil Trans. (between home and school) - Spec. Ed.	337,758.00	(246.00)	337,512.00	332,141.42	5,370.58
Sal. for pupil Trans. (other than between home and school)	187,227.00	(1,808.00)	185,419.00	177,969.42	7,449.58
Other purchased professional and technical services	18,624.00		18,624.00	13,125.09	5,498.91
Cleaning, repair, and maintenance services	35,000.00		35,000.00	30,833.24	4,166.76
Lease purchase payments - school buses	169,197.00		169,197.00	166,094.50	3,102.50
Contracted services (between home and school)-vendors	539,987.00	(1,768.00)	538,219.00	538,218.54	0.46
Contracted services (other than bet. home and school)-vend.	35,000.00	(15,664.00)	19,336.00	9,827.49	9,508.51
Contracted services (bet. home and school)-joint agreements	4,420.00	(2,200.00)	2,220.00	1,941.96	278.04
Contracted services (Spec. Ed. Students) - ESC's and CTSA's	477,800.00	27,046.00	504,846.00	456,416.21	48,429.79
Contracted services - aid in lieu of payments-NonPub Sch	353,600.00	(16,000.00)	337,600.00	318,587.81	19,012.19
Contracted services - aid in lieu of payments-Charter Sch	1,768.00	(1,768.00)			
Travel	3,100.00		3,100.00	913.55	2,186.45
Miscellaneous purchased services - Transportation	26,000.00		26,000.00	26,000.00	
General Supplies	5,000.00	1,021.00	6,021.00	5,888.43	132.57
Transportation supplies	489,840.00	8,576.00	498,416.00	467,368.42	31,047.58
Other Objects	3,650.00	200.00	3,850.00	3,835.80	14.20
Total student transportation services	$ 4,179,261.00	$ (51,854.00)	$ 4,127,407.00	$ 3,987,232.37	$ 140,174.63

EXHIBIT "C-1"
SHEET #8

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Unallocated benefits - employee benefits:					
Group insurance	$ 51,000.00	$	$ 51,000.00	$ 37,765.53	$ 13,234.47
Social security contributions	890,000.00	48,860.00	938,860.00	938,858.74	1.26
Other retirement contributions - PERS	920,000.00	(3,294.00)	916,706.00	839,662.87	77,043.13
Unemployment Compensation	115,000.00	(16,000.00)	99,000.00		99,000.00
Workers compensation	344,295.00	(27,209.00)	317,086.00	316,712.07	373.93
Health benefits	11,399,279.00	(108,905.00)	11,290,374.00	11,196,386.65	93,987.35
Tuition reimbursements	145,000.00	3,294.00	148,294.00	81,773.52	66,520.48
Other employee benefits	351,611.00	59,680.00	411,291.00	397,953.36	13,337.64
Total unallocated benefits - employee benefits:	$ 14,216,185.00	$ (43,574.00)	$ 14,172,611.00	$ 13,809,112.74	$ 363,498.26
On -behalf TPAF post retirement medical contribution (non-budgeted)				$ 2,293,189.00	$ (2,293,189.00)
On -behalf TPAF non-contributory insurance (non-budgeted)				113,437.00	(113,437.00)
On -behalf TPAF pension contribution (non-budgeted)				1,285,170.00	(1,285,170.00)
Reimbursed TPAF social security cont. (non-budgeted)				2,429,330.77	(2,429,330.77)
				$ 6,121,126.77	$ (6,121,126.77)
Total Undistributed Expenditures	$ 41,953,341.00	$ 127,860.00	$ 42,081,201.00	$ 46,594,053.82	$ (4,512,852.82)
TOTAL EXPENDITURES - CURRENT EXPENSE FUND 11	$ 74,220,422.00	$ 12,181.00	$ 74,232,603.00	$ 77,871,440.79	$ (3,638,837.79)
CAPITAL OUTLAY:					
Equipment:					
Grades 6-8	$ 10,750.00	$ (1,800.00)	$ 8,950.00	$ 8,844.00	$ 106.00
Grades 9-12	3,465.00		3,465.00	2,295.70	1,169.30
School Sponsored and Other Instructional	8,700.00	3,684.00	12,384.00	12,279.00	105.00
Undistributed Instruction	190,854.00	(5,303.00)	185,551.00	168,937.80	16,613.20
Administration Information Technology	48,400.00	(6,878.00)	41,522.00	41,407.53	114.47
Custodial Services	106,100.00	(1,884.00)	104,216.00	99,283.76	4,932.24
Assets Acquired Under Capital Leases (non-budgeted)				410,000.00	(410,000.00)
Total Equipment:	$ 368,269.00	$ (12,181.00)	$ 356,088.00	$ 743,047.79	$ (386,959.79)
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	$ 260,750.00	$	$ 260,750.00	$ 158,855.00	$ 101,895.00
Total Facilities Acquisition and Construction Services:	$ 260,750.00	$	$ 260,750.00	$ 158,855.00	$ 101,895.00
TOTAL CAPITAL OUTLAY	$ 629,019.00	$ (12,181.00)	$ 616,838.00	$ 901,902.79	$ (285,064.79)

EXHIBIT "C-1"
SHEET #9

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Transfer of Funds to Charter Schools	$ 21,104.00	$	$ 21,104.00	$ 2,111.00	$ 18,993.00
TOTAL EXPENDITURES	$ 74,870,545.00	$	$ 74,870,545.00	$ 78,775,454.58	$ (3,904,909.58)
Excess (deficiency) of revenues Over (under) expenditures	$ (3,208,086.00)	$	$ (3,208,086.00)	$ (543,845.44)	$ 2,664,240.56
Other financing sources (uses):					
Capital leases (non-budgeted)	$	$	$	$ 410,000.00	$ (410,000.00)
Operating Transfers out- Capital Reserve to Capital Projects		(871,000.00)	(871,000.00)	(871,000.00)	
Operating transfers in - capital projects fund interest				9,258.68	(9,258.68)
Total other financing sources (uses)	$	$ (871,000.00)	$ (871,000.00)	$ (451,741.32)	$ (419,258.68)
Excess (deficiency) of revenues and other financing sources Over (under) expenditures and other financing sources (uses)	$ (3,208,086.00)	$ (871,000.00)	$ (4,079,086.00)	$ (995,586.76)	$ 3,083,499.24
Fund balance, July 1	$ 9,990,201.06	$	$ 9,990,201.06	$ 9,990,201.06	$
Fund balance, June 30	$ 6,782,115.06	$ (871,000.00)	$ 5,911,115.06	$ 8,994,614.30	$ 3,083,499.24

Recapitulation:	
Capital reserve	$ 217,684.66
Legally Restricted- Excess Surplus- designated for subsequent year's expenditures	4,003,652.84
Legally Restricted- Excess Surplus- current year	3,169,671.24
Unassigned Fund Balance	1,603,605.56
	$ 8,994,614.30
Reconciliation to Government Fund Statements	
Last State aid payments not recognized on GAAP basis	(375,347.00)
Fund Balance per Governmental Funds (GAAP)	$ 8,619,267.30

EXHIBIT "C-2"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
State sources	$ 88,080.00	$ (2,619.00)	$ 85,461.00	$ 49,059.91	$ (36,401.09)
Federal sources	793,254.00	272,055.62	1,065,309.62	1,021,256.03	(44,053.59)
Other sources	20,766.00	34,513.65	55,279.65	34,468.75	(20,810.90)
Total revenues	$ 902,100.00	$ 303,950.27	$ 1,206,050.27	$ 1,104,784.69	$ (101,265.58)
EXPENDITURES:					
Instruction:					
Salaries of teachers	$ 91,109.00	$ 7,406.00	$ 98,515.00	$ 97,476.64	$ 1,038.36
Purchased professional and technical services	69,343.00	(2,222.00)	67,121.00	39,065.06	28,055.94
Tuition	644,192.00	172,379.62	816,571.62	816,571.62	
General supplies	23,878.00	52,725.85	76,603.85	61,733.12	14,870.73
Textbooks	13,686.00	(246.00)	13,440.00	8,257.91	5,182.09
Total instruction	$ 842,208.00	$ 230,043.47	$ 1,072,251.47	$ 1,023,104.35	$ 49,147.12
Support services:					
Other salaries	$ 39,126.00	$ (24,940.50)	$ 14,185.50	$ 5,583.00	$ 8,602.50
Purchased professional and technical services		50,058.00	50,058.00	6,955.72	43,102.28
Purchased professional educational services					
Personal services - employee benefits		5,934.91	5,934.91	5,781.53	153.38
Other purchased services		15,224.86	15,224.86	15,224.86	
Supplies and materials		27,629.53	27,629.53	27,369.23	260.30
Total support services	$ 39,126.00	$ 73,906.80	$ 113,032.80	$ 60,914.34	$ 52,118.46
Facilities acquisition and construction services:					
Non-Instructional equipment	$ 20,766.00	$	$ 20,766.00	20,766.00	$
Total facilities acquisition and construction services:	$ 20,766.00	$	$ 20,766.00	$ 20,766.00	$
Total expenditures	$ 902,100.00	$ 303,950.27	$ 1,206,050.27	$ 1,104,784.69	$ 101,265.58

EXHIBIT "C-3"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	$ 78,231,609.14	$ 1,104,784.69
Difference - budget to GAAP		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	373,705.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(375,347.00)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$ 78,229,967.14	$ 1,104,784.69
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	$ 78,775,454.58	$ 1,104,784.69
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$ 78,775,454.58	$ 1,104,784.69

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

EXHIBIT "E-1"
SHEET #1

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	IDEA Basic	IDEA Basic- Carryover	IDEA Preschool	IDEA Preschool- Carryover	Title I	Title II Part A	Title II Part A Carryover
REVENUES:							
State sources	$	$	$	$	$	$	$
Federal sources	823,527.34		27,482.00		109,568.69	48,573.00	
Other sources							
Total revenues	$ 823,527.34	$	$ 27,482.00	$	$ 109,568.69	$ 48,573.00	$
EXPENDITURES:							
Instruction:							
Salaries of teachers	$	$	$ 27,482.00	$	$ 69,994.64	$	$
Purchased professional and technical services							
Other purchased services							
Tuition	816,571.62						
General supplies					34,219.43		
Textbooks							
Total instruction	$ 816,571.62	$	$ 27,482.00	$	$ 104,214.07	$	$
Support services:							
Other salaries	$	$	$	$	$	$ 5,583.00	$
Purchased professional and technical services	6,955.72						
Purchased professional educational services							
Personal services - employee benefits					5,354.62	426.91	
Other purchased services						15,224.86	
Supplies and materials						27,338.23	
Total support services	$ 6,955.72	$	$	$	$ 5,354.62	$ 48,573.00	$
Facilities acquisition and construction services:							
Buildings	$	$	$	$	$	$	$
Instructional Equipment							
Non-Instructional Equipment							
Total facilities acquisition and construction services:	$	$	$	$	$	$	$
Total expenditures	$ 823,527.34	$	$ 27,482.00	$	$ 109,568.69	$ 48,573.00	$

(Continued on next page)

EXHIBIT "E-1"
SHEET # 2

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Title III	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Nursing	Compensatory Education	Ch. 192/193 E.S.L.
REVENUES:						
State sources	$	$ 1,736.94	$ 8,257.91	$ 10,462.20	$ 1,540.80	$ 698.32
Federal sources	12,105.00					
Other sources						
Total revenues	$ 12,105.00	$ 1,736.94	$ 8,257.91	$ 10,462.20	$ 1,540.80	$ 698.32
EXPENDITURES:						
Instruction:						
Salaries of teachers	$	$	$	$	$	$
Purchased professional & technical services				10,462.20	1,540.80	698.32
Other purchased services						
Tuition						
General supplies	12,105.00	1,736.94				
Textbooks			8,257.91			
Total instruction	$ 12,105.00	$ 1,736.94	$ 8,257.91	$ 10,462.20	$ 1,540.80	$ 698.32
Support services:						
Other salaries	$	$	$	$	$	$
Purchased professional and technical services						
Purchased professional educational services						
Personal services - employee benefits						
Other purchased services						
Supplies and materials						
Total support services	$	$	$	$	$	$
Facilities acquisition & construction services:						
Buildings	$	$	$	$	$	$
Instructional Equipment						
Non-Instructional Equipment						
Total expenditures	$ 12,105.00	$ 1,736.94	$ 8,257.91	$ 10,462.20	$ 1,540.80	$ 698.32

(Continued on next page)

EXHIBIT "E-1"
SHEET #3

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Ch. 192/193 Examination & Classification	Ch. 192/193 Corrective Speech	Ch. 192/193 Supplemental Instruction	Other Local Programs	COMPARATIVE TOTALS (MEMORANDUM ONLY) TOTAL 2014	TOTAL 2013
REVENUES:						
State sources	$ 20,533.66	$ 2,499.84	$ 3,330.24	$	$ 49,059.91	$ 57,073.52
Federal sources					1,021,256.03	1,119,110.32
Other sources				34,468.75	34,468.75	46,930.92
Total revenues	$ 20,533.66	$ 2,499.84	$ 3,330.24	$ 34,468.75	$ 1,104,784.69	$ 1,223,114.76
EXPENDITURES:						
Instruction:						
Salaries of teachers	$	$	$	$	$ 97,476.64	$ 69,823.61
Purchased professional & technical services	20,533.66	2,499.84	3,330.24		39,065.06	43,659.37
Other purchased services						
Tuition					816,571.62	779,036.08
General supplies				13,671.75	61,733.12	170,550.70
Textbooks					8,257.91	9,049.62
Total instruction	$ 20,533.66	$ 2,499.84	$ 3,330.24	$ 13,671.75	$ 1,023,104.35	$ 1,072,119.38
Support services:						
Other salaries	$	$	$	$	$ 5,583.00	$ 26,447.98
Purchased professional and technical services					6,955.72	57,603.69
Purchased professional educational services						7,195.38
Personal services - employee benefits					5,781.53	7,364.78
Other purchased services					15,224.86	42,797.63
Supplies and materials				31.00	27,369.23	9,585.92
Total support services	$	$	$	$ 31.00	$ 60,914.34	$ 150,995.38
Facilities acquisition & construction services:						
Buildings	$	$	$	$	$	$
Instructional Equipment						
Non-Instructional Equipment				20,766.00	20,766.00	
Total facilities acquisition & construction services	$	$	$	$ 20,766.00	$ 20,766.00	$
Total expenditures	$ 20,533.66	$ 2,499.84	$ 3,330.24	$ 34,468.75	$ 1,104,784.69	$ 1,223,114.76

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

EXHIBIT "F-1"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES-BUDGETARY BASIS
YEAR THE FISCAL YEAR ENDED JUNE 30, 2014

ISSUE/PROJECT TITLE	ORIGINAL DATE	REVISED AUTHORIZED COST	EXPENDITURES TO DATE PRIOR YEAR(S)	EXPENDITURES TO DATE CURRENT YEAR	UNEXPENDED BALANCE JUNE 30, 2014
Orchard Hill Elementary School improvement of parking lot, partial roof replacement, renovation of two restrooms, addition of four restrooms in Kindergarten classrooms, upgrade existing chiller and pump controls, replace four pumps and pump controls in boiler room, clock system replacement, fire alarm system upgrades, asbestos abatement	2009	$ 8,376,215.22	$ 7,695,361.12	$ 13,548.50	667,305.60
Village Elementary School repair/replace existing exterior sidewalks beneath each fire exit door, addition of two special education classrooms, replace two air handlers and unit ventilators in 100-wing, replace art room hvac controls and motors, new exhaust fan controls, interconnect existing east and west boiler controls with manual override and standardize boiler controls, and asbestos abatement	2009	3,614,018.00	2,974,493.98	616,726.20	22,797.82
Lower Middle School replace flashing at all skylights, replace existing chiller compressors, replace condenser fan motors, replace and upgrade all HVAC and exhaust vent controls, replace two air handlers in music rooms and one in nurses office, replace existing diffusers in media center, replace unit ventilators throughout, and provide power outage and surge protections.	2009	2,512,752.67	1,610,422.29	57,800.00	844,530.38
Upper Middle School new exterior doors, windows, and spandrel glass walls; new rooftop chiller for 2nd floor air conditioning and 2nd floor unit ventilators; new AC in principal's office and teachers lounge; new exhaust fans; new HVAC controls throughout school; new mechanical units in cafeteria; upgrade air conditioning units/controls in first floor classrooms facing courtyard; replace four circulator pumps; asbestos abatement.	2009	5,238,211.02	4,102,761.11	532,903.19	602,546.72
HVAC and Lighting Improvements	2012	244,700.00		242,078.66	2,621.34
Turf Field Replacement	2014	871,000.00		40,168.00	830,832.00
		$ 20,856,896.91	$ 16,383,038.50	$ 1,503,224.55	$ 2,970,633.86

EXHIBIT "F-2"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Revenues and financing sources:		
Interest on Investments	$	9,258.68
SDA Grant Revenue Reductions		(347,001.03)
Capital Reserve transfer to Capital Projects		871,000.00
Total revenues and financing sources	$	533,257.65
Expenditures and financing uses:		
Purchased professional and technical services	$	49,618.00
Construction services		1,453,606.55
Equipment		
Operating Transfers Out-Debt Service Fund		
Operating Transfers Out-General Fund		9,258.68
Total expenditures and Transfers	$	1,512,483.23
Excess (deficiency) of revenues over (under) expenditures	$	(979,225.58)
Net change in fund balances	$	(979,225.58)
Fund balance - beginning - budgetary basis		3,949,859.44
Fund balance - ending - budgetary basis	$	2,970,633.86
Reconciliation to GAAP Basis:		
Fund balance - budgetary basis	$	2,970,633.86
Fund balance - GAAP basis (exhibit B-1)	$	2,970,633.86

EXHIBIT "F-2a"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
ORCHARD HILL ELEMENTARY SCHOOL
VARIOUS IMPROVEMENTS

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	$ 3,030,714.25	$ (347,001.03)	$ 2,683,713.22	$ 2,683,713.22
Bond proceeds and transfers	5,692,502.00		5,692,502.00	5,692,502.00
Total revenues	$ 8,723,216.25	$ (347,001.03)	$ 8,376,215.22	$ 8,376,215.22
Expenditures and Other Financing Uses				
Legal services	$ 16,419.38	$	$ 16,419.38	$ 16,420.00
Purchased professional and technical services	799,914.08		799,914.08	826,937.00
Construction services	6,879,027.66	13,548.50	6,892,576.16	7,532,858.22
Total expenditures	$ 7,695,361.12	$ 13,548.50	$ 7,708,909.62	$ 8,376,215.22
Excess (deficiency) or revenues over (under) expenditures	$ 1,027,855.13	$ (360,549.53)	$ 667,305.60	

Additional project information:	
Project Number	3320-080-09-1002
Grant Date	1/27/2010
Bond Authorization Date	12/8/2009
Bonds Authorized	5,726,951.00
Bonds Issued	5,692,502.00
SCC Amount	3,817,968.00
Local Share	5,726,951.00
Original Authorized Cost	9,544,919.00
Additional Authorized Cost	(1,168,703.78)
Revised Authorized Cost	8,376,215.22
Percentage Increase over Original Authorized Cost	-12.24%
Percentage completion	92%
Original target completion date	9/1/2011
Revised target completion date	9/1/2012

EXHIBIT "F-2b"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
VILLAGE ELEMENTARY SCHOOL
VARIOUS IMPROVEMENTS

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	$ 707,616.50	$	$ 707,616.50	$ 707,616.50
Bond proceeds and transfers	2,816,325.00	90,076.50	2,906,401.50	2,906,401.50
Total revenues	$ 3,523,941.50	$ 90,076.50	$ 3,614,018.00	$ 3,614,018.00
Expenditures and Other Financing Uses				
Legal services	$ 16,419.37	$	$ 16,419.37	$ 16,420.00
Purchased professional and technical services	369,275.06	4,725.00	374,000.06	391,417.00
Construction services	2,560,803.26	612,001.20	3,172,804.46	3,178,031.00
Equipment	27,996.29		27,996.29	28,150.00
Total expenditures	$ 2,974,493.98	$ 616,726.20	$ 3,591,220.18	$ 3,614,018.00
Excess (deficiency) or revenues over (under) expenditures	$ 549,447.52	$ (526,649.70)	$ 22,797.82	

Additional project information:	
Project Number	3320-105-09-1004
Grant Date	1/27/2010
Bond Authorization Date	12/8/2009
Bonds Authorized	1,093,308.00
Bonds Issued	1,093,308.00
SCC Amount	797,693.00
Local Share	1,833,171.00
Original Authorized Cost	2,630,864.00
Additional Authorized Cost	
Revised Authorized Cost	2,630,864.00
Percentage Increase over Original Authorized Cost	
Percentage completion	99%
Original target completion date	9/1/2011
Revised target completion date	9/1/2012

EXHIBIT "F-2c"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
LOWER MIDDLE SCHOOL
VARIOUS IMPROVEMENTS

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	$ 629,834.17	$	$ 629,834.17	$ 629,834.17
Bond proceeds and transfers	1,972,995.00	(90,076.50)	1,882,918.50	1,882,918.50
Total revenues	$ 2,602,829.17	$ (90,076.50)	$ 2,512,752.67	$ 2,512,752.67
Expenditures and Other Financing Uses				
Legal services	$ 16,419.37	$	$ 16,419.37	$ 16,420.00
Purchased professional and technical services	460,118.55		460,118.55	465,854.00
Construction services	1,133,884.37	57,800.00	1,191,684.37	2,030,478.67
Total expenditures	$ 1,610,422.29	$ 57,800.00	$ 1,668,222.29	$ 2,512,752.67
Excess (deficiency) or revenues over (under) expenditures	$ 992,406.88	$ (147,876.50)	$ 844,530.38	

Additional project information:	
Project Number	3320-045-09-1003
Grant Date	1/27/2010
Bond Authorization Date	12/8/2009
Bonds Authorized	3,645,548.00
Bonds Issued	3,013,595.00
SCC Amount	2,430,366.00
Local Share	3,645,548.00
Original Authorized Cost	6,075,914.00
Additional Authorized Cost	(3,563,161.33)
Revised Authorized Cost	2,512,752.67
Percentage Increase over Original Authorized Cost	-58.64%
Percentage completion	66%
Original target completion date	9/1/2011
Revised target completion date	9/1/2012

EXHIBIT "F-2d"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
UPPER MIDDLE SCHOOL
VARIOUS IMPROVEMENTS

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	$ 1,595,033.02	$	$ 1,595,033.02	$ 1,595,033.02
Bond proceeds and transfers	3,643,178.00		3,643,178.00	3,643,178.00
Total revenues	$ 5,238,211.02	$	$ 5,238,211.02	$ 5,238,211.02
Expenditures and Other Financing Uses				
Legal services	$ 16,419.37	$	$ 16,419.37	$ 16,420.00
Purchased professional and technical services	474,330.42	4,725.00	479,055.42	479,720.00
Construction services	3,612,011.32	528,178.19	4,140,189.51	4,742,071.02
Total expenditures	$ 4,102,761.11	$ 532,903.19	$ 4,635,664.30	$ 5,238,211.02
Excess (deficiency) or revenues over (under) expenditures	$ 1,135,449.91	$ (532,903.19)	$ 602,546.72	

Additional project information:	
Project Number	3320-070-09-1001
Grant Date	1/27/2010
Bond Authorization Date	12/8/2009
Bonds Authorized	3,659,193.00
Bonds Issued	3,633,178.00
SCC Amount	2,439,462.00
Local Share	3,659,193.00
Original Authorized Cost	6,098,655.00
Additional Authorized Cost	(860,443.98)
Revised Authorized Cost	5,238,211.02
Percentage Increase over Original Authorized Cost	-14%
Percentage completion	88%
Original target completion date	9/1/2011
Revised target completion date	9/1/2012

EXHIBIT "F-2e"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
HVAC AND LIGHTING PROJECT

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
	$	$	$	$
Capital Reserve Transfer	244,700.00		244,700.00	244,700.00
Total revenues	$ 244,700.00	$	$ 244,700.00	$ 244,700.00
Expenditures and Other Financing Uses				
Legal services	$	$	$	$
Purchased professional and technical services				
Construction services		242,078.66	242,078.66	244,700.00
Total expenditures	$	$ 242,078.66	$ 242,078.66	$ 244,700.00
Excess (deficiency) or revenues over (under) expenditures				
	$ 244,700.00	$ (242,078.66)	$ 2,621.34	

Additional project information:	
Project Number	
Grant Date	
Bond Authorization Date	
Bonds Authorized	
Bonds Issued	
SCC Amount	
Local Share	244,700.00
Original Authorized Cost	244,700.00
Additional Authorized Cost	
Revised Authorized Cost	244,700.00
Percentage Increase over Original Authorized Cost	
Percentage completion	99%
Original target completion date	
Revised target completion date	

EXHIBIT "F-2f"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS - BUDGETARY BASIS
TURF FIELD REPLACEMENT

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
	$	$	$	$
Capital Reserve Transfer		877,000.00	877,000.00	877,000.00
Total revenues	$	$ 877,000.00	$ 877,000.00	$ 877,000.00
Expenditures and Other Financing Uses				
Legal services	$	$	$	$
Purchased professional and technical services		40,168.00	40,168.00	61,490.00
Construction services				809,510.00
Total expenditures	$	$ 40,168.00	$ 40,168.00	$ 871,000.00
Excess (deficiency) or revenues over (under) expenditures				
	$	$ 836,832.00	$ 836,832.00	

Additional project information:	
Project Number	
Grant Date	
Bond Authorization Date	
Bonds Authorized	
Bonds Issued	
SCC Amount	
Local Share	244,700.00
Original Authorized Cost	244,700.00
Additional Authorized Cost	632,300.00
Revised Authorized Cost	877,000.00
Percentage Increase over Original Authorized Cost	258%
Percentage completion	5%
Original target completion date	
Revised target completion date	

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund: This fund provides for the operation of food services within the school district.

Summer Enrichment Fund: This fund provides for the operation of the summer enrichment program.

Community Education Fund: This fund provides for the operation of the community education program.

EXHIBIT "G-1"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2014

		NON-MAJOR FUNDS		
	FOOD SERVICE	SUMMER ENRICHMENT	COMMUNITY EDUCATION	TOTAL
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 422,455.94	$ 353,368.05	$ 1,360.00	$ 777,183.99
Accounts receivable:				
State	597.12			597.12
Federal	7,681.42			7,681.42
Prepaid expenses		27,271.34		27,271.34
Inventories	32,320.08			32,320.08
Total current assets	$ 463,054.56	$ 380,639.39	$ 1,360.00	$ 845,053.95
Noncurrent assets:				
Furniture, machinery and equipment	$ 873,146.46	$	$	$ 873,146.46
Less accumulated depreciation	(618,488.51)			(618,488.51)
Total noncurrent assets	$ 254,657.95	$	$	$ 254,657.95
Total assets	$ 717,712.51	$ 380,639.39	$ 1,360.00	$ 1,099,711.90
LIABILITIES				
Current liabilities:				
Accounts payable	122,274.39			122,274.39
Deferred revenue	$ 6,560.39	$ 238,546.45	$	$ 245,106.84
Total current liabilities	$ 128,834.78	$ 238,546.45	$	$ 367,381.23
Total liabilities	$ 128,834.78	$ 238,546.45	$	$ 367,381.23
NET POSITION				
Invested in capital assets - net	$ 254,657.95	$	$	$ 254,657.95
Unrestricted	334,219.78	142,092.94	1,360.00	477,672.72
Total net position	$ 588,877.73	$ 142,092.94	$ 1,360.00	$ 732,330.67

EXHIBIT "G-2"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

		NON-MAJOR FUNDS		
	FOOD SERVICE	SUMMER ENRICHMENT	COMMUNITY EDUCATION	TOTAL
OPERATING REVENUES:				
Charges for services:				
Daily sales - reimbursable programs	$ 373,804.66	$	$	$ 373,804.66
Daily sales - non-reimbursable programs	1,019,128.03			1,019,128.03
Special functions	38,194.27			38,194.27
Other fees		209,832.53		209,832.53
Total operating revenues	$ 1,431,126.96	$ 209,832.53	$	$ 1,640,959.49
OPERATING EXPENSES:				
Cost of sales	$ 550,679.13	$	$	$ 550,679.13
Salaries	513,369.60	141,302.41		654,672.01
Employee benefits	137,145.04	10,812.00		147,957.04
Other purchased services	112,200.00			112,200.00
Supplies and materials	85,001.51	5,286.00		90,287.51
Depreciation	32,372.42			32,372.42
Total operating expenses	$ 1,430,767.70	$ 157,400.41	$	$ 1,588,168.11
Operating income	$ 359.26	$ 52,432.12	$	$ 52,791.38
NONOPERATING REVENUES (EXPENSES):				
State sources				
State school lunch program	$ 7,689.27	$	$	$ 7,689.27
Federal sources				
National school lunch program	99,673.25			99,673.25
National food distribution commodities	56,637.60			56,637.60
Total nonoperating revenues (expenses)	$ 164,000.12	$	$	$ 164,000.12
Income	$ 164,359.38	$ 52,432.12	$	$ 216,791.50
Total net position - beginning	424,518.35	89,660.82	1,360.00	515,539.17
Total net position - ending	$ 588,877.73	$ 142,092.94	$ 1,360.00	$ 732,330.67

EXHIBIT "G-3"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

		NON-MAJOR FUNDS		
	FOOD SERVICE	SUMMER ENRICHMENT	COMMUNITY EDUCATION	TOTAL
Cash flows from operating activities:				
Receipts from customers	$ 1,431,276.21	$ 254,240.90	$	$ 1,685,517.11
Payments to employees	(513,369.60)	(152,079.89)		(665,449.49)
Payments for employee benefits	(137,145.04)	(12,750.00)		(149,895.04)
Payment to suppliers	(678,845.16)	(5,286.00)		(684,131.16)
Net cash provided (used for) by operating activities	$ 101,916.41	$ 84,125.01	$	$ 186,041.42
Cash flows from noncapital financing activities:				
State Sources	$ 8,133.19	$	$	$ 8,133.19
Federal Sources	99,225.02			99,225.02
Net cash provided by (used for) noncapital financing activities	$ 107,358.21	$	$	$ 107,358.21
Cash flows from capital and related financing activities				
Purchase of capital assets	$ (91,428.39)			(91,428.39)
Net cash used for capital and related financing activities	$ (91,428.39)			(91,428.39)
Net increase (decrease) in cash and cash equivalents	$ 117,846.23	$ 84,125.01	$	$ 201,971.24
Cash and cash equivalents - July 1	304,609.71	269,243.04	1,360.00	575,212.75
Cash and cash equivalents - June 30	$ 422,455.94	$ 353,368.05	$ 1,360.00	$ 777,183.99
Operating income (loss)	$ 359.26	$ 52,432.12	$	$ 52,791.38
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	32,372.42			32,372.42
USDA Commodities	56,637.60			56,637.60
Change in assets and liabilities:				
(Increase) Decrease in inventory	(8,973.11)			(8,973.11)
(Increase) Decrease in other accounts receivable	149.25			149.25
Increase (Decrease) in accounts payable	17,092.72			17,092.72
(Increase) Decrease in prepaid expenses		(12,715.48)		(12,715.48)
Increase (Decrease) in deferred revenue	4,278.27	44,408.37		48,686.64
Net cash provided (used) by operating activities	$ 101,916.41	$ 84,125.01	$	$ 186,041.42

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

Unemployment Compensation Insurance Trust Fund:	This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.
Student Activity Fund:	This agency fund is used to account for student funds held at the schools.
Payroll Agency Fund:	This agency fund is used to account for the payroll transactions of the school district including childcare and medical flexible spending.
Scholarship Fund:	This private purpose trust is used to account for the grants to students where there are no restrictions regarding the use of principal and income.

EXHIBIT "H-1"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
COMBINING STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2014

	AGENCY FUNDS				
	STUDENT ACTIVITY	PAYROLL AGENCY	SCHOLARSHIP FUNDS	STATE UNEMPLOYMENT INSURANCE	TOTALS
ASSETS					
Cash and cash equivalents	$ 501,399.32	$ 2,157,672.97	$ 57,127.59	$ 497,741.80	$ 3,213,941.68
Total assets	$ 501,399.32	$ 2,157,672.97	$ 57,127.59	$ 497,741.80	$ 3,213,941.68
LIABILITIES					
Net Salary payable	$	$ 1,795,309.13	$	$	$ 1,795,309.13
Payroll deductions and withholdings		362,363.84			362,363.84
Due to student groups	501,399.32				501,399.32
Total liabilities	$ 501,399.32	$ 2,157,672.97	$	$	$ 2,659,072.29
NET POSITION					
Reserve for state unemployment	$	$	$	$ 497,741.80	$ 497,741.80
Reserve for scholarship awards			57,127.59		57,127.59
Total net position	$ -0-	$ -0-	$ 57,127.59	$ 497,741.80	$ 554,869.39

EXHIBIT "H-2"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	SCHOLARSHIP FUNDS	STATE UNEMPLOYMENT INSURANCE	TOTAL
ADDITIONS:			
Contributions:			
Employee contributions	$	$ 123,359.99	$ 123,359.99
Board contributions			
Other	2,326.00		2,326.00
Total contributions	$ 2,326.00	$ 123,359.99	$ 125,685.99
Investment earnings:			
Interest	$ 36.96	$	$ 36.96
Net investment earnings	$ 36.96	$	$ 36.96
Total additions	$ 2,362.96	$ 123,359.99	$ 125,722.95
DEDUCTIONS:			
Unemployment claims	$	$ 134,948.52	$ 134,948.52
Awards	5,925.00		5,925.00
Total deductions	$ 5,925.00	$ 134,948.52	$ 140,873.52
Change in net position	$ (3,562.04)	$ (11,588.53)	$ (15,150.57)
Net position beginning of year	$ 60,689.63	$ 509,330.33	$ 570,019.96
Net position end of year	$ 57,127.59	$ 497,741.80	$ 554,869.39

EXHIBIT "H-3"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BALANCE JULY 1, 2013	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2014
ASSETS:				
Cash and cash equivalents	$ 429,903.11	$ 1,845,557.60	$ 1,774,061.39	$ 501,399.32
Total assets	$ 429,903.11	$ 1,845,557.60	$ 1,774,061.39	$ 501,399.32
LIABILITIES:				
Due student groups:				
High school activities	$ 337,180.08	$ 1,311,266.36	$ 1,324,322.35	$ 324,124.09
Upper middle activities	28,317.68	314,585.61	233,217.13	109,686.16
Lower middle activities	34,189.16	75,780.89	73,094.57	36,875.48
Village elementary activities	17,800.41	22,190.70	16,298.59	23,692.52
Orchard hill elementary activities	12,405.78	12,968.04	18,362.75	7,011.07
Athletic activities	10.00	108,766.00	108,766.00	10.00
Total liabilities	$ 429,903.11	$ 1,845,557.60	$ 1,774,061.39	$ 501,399.32

EXHIBIT "H-4"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BALANCE JULY 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2014
ASSETS:				
Cash and cash equivalents	$ 2,132,968.21	$ 53,883,530.69	$ 53,858,825.93	$ 2,157,672.97
Total assets	$ 2,132,968.21	$ 53,883,530.69	$ 53,858,825.93	$ 2,157,672.97
LIABILITIES:				
Net Salary Payable	$ 1,776,086.51	$ 29,383,783.57	$ 29,364,560.95	$ 1,795,309.13
Payroll deductions and withholdings	356,881.70	24,499,747.12	24,494,264.98	362,363.84
Total liabilities	$ 2,132,968.21	$ 53,883,530.69	$ 53,858,825.93	$ 2,157,672.97

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

EXHIBIT "I-1"
SHEET #1

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2014

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2013	ISSUED	RETIRED	BALANCE JUNE 30, 2014
School Bonds 2007	04/01/07	$46,200,000.00	04/01/15	$ 1,665,000.00	4.000%				
			04/01/16	1,735,000.00	5.000%				
			04/01/17	1,820,000.00	5.000%				
			04/01/18	1,910,000.00	5.000%				
			04/01/19	2,015,000.00	5.000%				
			04/01/20	2,115,000.00	4.000%				
			04/01/21	2,205,000.00	4.000%				
			04/01/22	2,295,000.00	4.000%				
			04/01/23	2,395,000.00	4.000%				
			04/01/24	495,000.00	4.000%				
			04/01/24	2,000,000.00	4.500%				
			04/01/25	2,610,000.00	4.500%				
			04/01/26	2,735,000.00	4.125%				
			04/01/27	2,850,000.00	4.125%				
			04/01/28	2,980,000.00	4.250%				
			04/01/29	3,110,000.00	4.250%				
			04/01/30	3,255,000.00	4.250%				
			04/01/31	3,400,000.00	4.250%	$43,185,000.00		$1,595,000.00	$41,590,000.00

EXHIBIT "I-1"
SHEET #2

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2014

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2013	ISSUED	RETIRED	BALANCE JUNE 30, 2014
School Bonds 2010	2/28/2010	$ 14,125,000.00	09/01/14	$ 855,000.00	2.000%				
			09/01/15	895,000.00	2.000%				
			09/01/16	935,000.00	2.000%				
			09/01/17	975,000.00	2.375%				
			09/01/18	1,020,000.00	2.650%				
			09/01/19	1,065,000.00	3.000%				
			09/01/20	1,115,000.00	3.000%				
			09/01/21	1,165,000.00	3.000%				
			09/01/22	1,220,000.00	3.100%				
			09/01/23	1,270,000.00	3.200%				
			09/01/24	1,330,000.00	3.300%	$ 12,665,000.00		$ 820,000.00	$ 11,845,000.00
School Bonds 2011	5/10/2011	17,215,000.00	8/1/2014	1,295,000.00	3.000%				
			8/1/2015	1,255,000.00	2.000%				
			8/1/2016	1,220,000.00	3.250%				
			8/1/2017	1,200,000.00	5.000%				
			8/1/2018	1,190,000.00	5.000%				
			8/1/2019	1,185,000.00	5.000%				
			8/1/2020	1,175,000.00	5.000%				
			8/1/2021	1,170,000.00	5.000%				
			8/1/2022	1,155,000.00	5.000%				
			8/1/2023	1,145,000.00	5.000%				
			8/1/2024	1,130,000.00	5.000%				
			8/1/2025	1,110,000.00	5.000%	15,555,000.00		1,325,000.00	14,230,000.00
						$ 71,405,000.00	$	$ 3,740,000.00	$ 67,665,000.00

EXHIBIT "I-2"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

PURPOSE	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE PRINCIPAL	AMOUNT OF ORIGINAL LEASE INTEREST	INTEREST RATE PAYABLE	BALANCE JULY 1, 2013	ISSUED	RETIRED	BALANCE JUNE 30, 2014
Additions and Renovations to the North Princeton Developmental Center and Improve a Portion of the High School Roof	10/01/98	25	$ 8,960,000.00	$ 2,762,351.60	3.81%	$ 7,020,000.00	$	$ 530,000.00	$ 6,490,000.00
Land and Buildings	11/23/98	25	1,445,000.00	----	----	578,000.00		57,800.00	520,200.00
Vehicles and Various Equipment	12/8/2011	5	417,907.73	17,085.71	2.83%	252,175.59		82,372.99	169,802.60
Vehicles and Various Equipment	7/1/2012	5	597,000.00	19,136.68	1.49%	475,346.99		116,220.39	359,126.60
School Buses and Passenger Vans	8/1/2013	5	410,000.00	9,486.77	1.15%		410,000.00	83,897.35	326,102.65
						$ 8,325,522.58	$ 410,000.00	$ 870,290.73	$ 7,865,231.85

EXHIBIT "I-3"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES:						
Local sources:						
Local tax levy	$ 7,166,769.00	$ 7,166,769.00	$	$ 7,037,967.00	$ 7,037,967.00	$
State sources:						
Debt service aid type II	257,126.00	257,126.00		255,400.00	255,400.00	
Total revenues	$ 7,423,895.00	$ 7,423,895.00	$	$ 7,293,367.00	$ 7,293,367.00	$
EXPENDITURES:						
Regular debt service:						
Principal payment - lease purchase agreements	$ 587,800.00	$ 587,800.00	$	$ 562,800.00	$ 562,800.00	$
Interest payments - lease purchase agreements	257,366.00	257,365.50	0.50	277,083.00	277,082.25	0.75
Interest on bonds	2,838,731.00	2,838,730.02	0.98	2,939,293.00	2,939,292.52	0.48
Redemption of bond principal	3,740,000.00	3,740,000.00		3,690,000.00	3,690,000.00	
Total regular debt service-expenditures	$ 7,423,897.00	$ 7,423,895.52	$ 1.48	$ 7,469,176.00	$ 7,469,174.77	$ 1.23
Excess (deficiency) of revenues over (under) expenditures	$ (2.00)	$ (0.52)	$ 1.48	$ (175,809.00)	$ (175,807.77)	$ 1.23
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ (2.00)	$ (0.52)	$ 1.48	$ (175,809.00)	$ (175,807.77)	$ 1.23
Fund balance, July 1	3.49	3.49		175,811.26	175,811.26	
Fund balance, June 30	$ 1.49	$ 2.97	$ 1.48	$ 2.26	$ 3.49	$ 1.23

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STATISTICAL SECTION

(UNAUDITED)

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
STATISTICAL SECTION

Contents | Page

Financial Trends:

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time. J-1 to J-5

Revenue Capacity:

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax. J-6 to J-9

Debt Capacity:

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future. J-10 to J-13

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place. J-14 to J-15

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs. J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

EXHIBIT "J-1"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
NET POSITION BY COMPONENT
(UNAUDITED)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Invested in capital assets, net of related debt	$ 44,776,382.26	$ 44,305,464.02	$ 43,080,913.06	$ 38,720,576.70	$ 35,603,356.77	$ 34,772,564.91	$ 32,412,376.77	$ 32,559,263.46	$ 27,638,187.40	$ 20,446,729.74
Restricted	8,221,840.71	8,545,123.50	5,853,506.20	2,570,543.81	713,691.62	3,877,535.10	4,528,270.20	5,244,068.73	4,447,879.70	5,266,020.02
Unrestricted	(647,563.83)	(725,061.50)	(18,763.13)	1,000,396.03	2,351,012.86	356,003.40	1,040,690.71	723,938.96	232,017.98	1,185,658.94
Total governmental activities net position	$ 52,350,659.14	$ 52,125,526.02	$ 48,915,656.13	$ 42,291,516.54	$ 38,668,061.25	$ 39,006,103.41	$ 37,981,337.68	$ 38,527,271.15	$ 32,318,085.08	$ 26,898,408.70
Business-type activities										
Invested in capital assets, net of related debt	$ 254,657.95	$ 195,601.98	$ 228,711.77	$ 256,231.38	$ 286,517.71	$ 309,464.80	$ 342,696.50	$ 399,670.34	$ 424,012.53	$ 127,557.50
Unrestricted	477,672.72	319,937.19	298,510.67	289,657.49	251,373.18	137,707.66	81,285.85	177,469.05	256,389.64	253,842.10
Total business-type activities net position	$ 732,330.67	$ 515,539.17	$ 527,222.44	$ 545,888.87	$ 537,890.89	$ 447,172.46	$ 423,982.35	$ 577,139.39	$ 680,402.17	$ 381,399.60
District-wide										
Net investment in capital assets	$ 45,031,040.21	$ 44,501,066.00	$ 43,309,624.83	$ 38,976,808.08	$ 35,889,874.48	$ 35,082,029.71	$ 32,755,073.27	$ 32,958,933.80	$ 28,062,199.93	$ 20,574,287.24
Restricted	8,221,840.71	8,545,123.50	5,853,506.20	2,570,543.81	713,691.62	3,877,535.10	4,528,270.20	5,244,068.73	4,447,879.70	5,266,020.02
Unrestricted	(169,891.11)	(405,124.31)	279,747.54	1,290,053.52	2,602,386.04	493,711.06	1,121,976.56	901,408.01	488,407.62	1,439,501.04
Total district net position	$ 53,082,989.81	$ 52,641,065.19	$ 49,442,878.57	$ 42,837,405.41	$ 39,205,952.14	$ 39,453,275.87	$ 38,405,320.03	$ 39,104,410.54	$ 32,998,487.25	$ 27,279,808.30

Source: CAFR Schedule A-1

EXHIBIT "J-2"
SHEET #1

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CHANGES IN NET POSITION
(UNAUDITED)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EXPENSES										
Governmental activities										
Instruction										
Regular	$ 36,151,407.81	$ 35,357,791.49	$ 32,441,529.65	$ 32,087,192.31	$ 31,921,270.43	$ 31,272,031.14	$ 30,169,643.76	$ 28,388,964.14	$ 24,988,117.90	$ 23,584,618.91
Special education	10,849,481.36	10,474,369.16	10,225,506.71	10,699,845.52	9,973,755.17	8,595,687.95	6,133,371.16	5,817,513.62	4,897,685.19	4,606,168.17
Other instruction	3,970,363.67	4,008,557.85	3,584,618.73	3,151,718.49	3,397,484.84	3,078,666.49	3,081,458.58	2,741,864.19	2,415,251.23	2,279,503.59
Support Services:										
Tuition							2,713,734.84	2,424,574.73	2,007,444.18	1,720,982.50
Student & instruction related services	10,742,574.51	9,685,042.93	9,215,486.34	9,087,977.50	9,783,599.56	9,296,624.10	8,744,970.71	8,224,063.94	7,139,481.84	6,463,324.06
General administrative services	1,732,915.84	1,687,299.64	1,586,574.24	1,669,317.25	1,700,129.23	1,753,157.85	1,831,657.09	1,949,065.07	1,559,239.00	1,568,863.84
School administrative services	4,232,917.86	4,643,187.41	4,475,120.81	4,210,428.28	3,925,532.83	3,856,675.21	3,785,267.46	3,463,663.46	3,242,631.42	2,636,709.33
Central services and information technology	1,696,385.50	1,582,376.76	1,577,541.87	1,591,741.63	1,623,590.11	1,150,701.86	1,141,164.99	1,052,662.59	996,959.98	1,095,940.41
Plant operations and maintenance	8,282,819.92	7,089,255.08	7,058,695.39	7,023,573.47	7,630,087.78	7,768,691.99	8,073,902.67	8,034,939.19	7,507,255.08	5,696,997.77
Student transportation services	5,340,458.21	5,487,076.65	5,695,443.42	6,014,103.52	6,114,475.45	6,263,699.81	6,714,198.91	6,108,253.66	6,123,138.19	3,939,261.14
Interest on long-term debt	3,073,070.12	3,183,695.67	3,024,311.55	3,724,321.41	3,640,677.77	3,611,822.11	3,795,402.31	4,056,340.30	4,258,190.00	4,387,234.92
Unallocated amortization	55,819.63	55,819.63	55,819.63	44,303.00	44,303.00	44,303.00	44,303.00	44,303.00	44,303.00	44,303.00
Unallocated depreciation	67,556.90	60,613.88	64,037.81	55,844.77	62,397.98	62,838.30	66,076.28	63,622.75	46,921.79	42,090.07
Total governmental activities expenses	$ 86,195,771.33	$ 83,315,086.15	$ 79,004,686.15	$ 79,360,367.15	$ 79,817,304.15	$ 76,754,899.81	$ 76,295,151.76	$ 72,369,830.64	$ 65,226,618.80	$ 58,065,997.71
Business-type activities:										
Food Service	$ 1,430,767.70	$ 1,581,348.35	$ 1,595,812.92	$ 1,526,988.06	$ 1,437,768.29	$ 1,368,611.74	$ 1,490,028.63	$ 1,173,757.68	$ 1,195,201.96	$ 993,050.58
Enrichment	157,400.41	107,649.42	65,011.35	65,429.67	58,183.63	135,685.11	191,071.78	108,037.22	8,455.91	
Performing Arts						70,125.31	34,237.36			
Community Education							1,360.00			
Total business-type activities expense	$ 1,588,168.11	$ 1,688,997.77	$ 1,660,824.27	$ 1,592,417.73	$ 1,495,951.92	$ 1,574,422.16	$ 1,716,697.77	$ 1,281,794.90	$ 1,203,657.87	$ 993,050.58
Total district expenses	$ 87,783,939.44	$ 85,004,083.92	$ 80,665,510.42	$ 80,952,784.88	$ 81,313,256.07	$ 78,329,321.97	$ 78,011,849.53	$ 73,651,625.54	$ 66,430,276.67	$ 59,059,048.29
PROGRAM REVENUES										
Governmental activities:										
Charges for services	$ 407,711.71	$ 187,126.00	$ 151,969.00	$	$ 71,891.80	$ 124,391.00	$ 99,904.05	$ 113,253.53	$ 143,469.43	$ 108,005.19
Operating grants and contributions	11,245,274.81	12,150,966.54	10,089,723.47	8,330,451.57	9,659,080.34	5,765,558.99	6,675,628.35	6,163,227.78	4,163,461.57	3,690,376.10
Total governmental activities program revenues	$ 11,652,986.52	$ 12,338,092.54	$ 10,241,692.47	$ 8,330,451.57	$ 9,730,972.14	$ 5,889,949.99	$ 6,775,532.40	$ 6,276,481.31	$ 4,306,931.00	$ 3,798,381.29
Business-type activities:										
Charges for services										
Food Service	$ 1,431,126.96	$ 1,400,158.31	$ 1,312,016.45	$ 1,280,005.11	$ 1,245,327.84	$ 1,194,527.81	$ 1,157,933.43	$ 999,228.28	$ 919,188.36	$ 864,954.57
Enrichment	209,832.53	127,324.16	69,615.92	84,703.30	104,291.51	134,767.94	191,988.95	195,831.00	111,171.22	
Performing Arts						70,125.31	6,824.50			
Community Education							2,720.00			
Operating grants and contributions	164,000.12	149,832.03	260,525.47	235,707.30	237,051.00	197,071.49	190,312.60	142,828.28	129,320.98	131,414.41
Total business type activities program revenues	$ 1,804,959.61	$ 1,677,314.50	$ 1,642,157.84	$ 1,600,415.71	$ 1,586,670.35	$ 1,596,492.55	$ 1,549,779.48	$ 1,337,887.56	$ 1,159,680.56	$ 996,368.98
Total district program revenues	$ 13,457,946.13	$ 14,015,407.04	$ 11,883,850.31	$ 9,930,867.28	$ 11,317,642.49	$ 7,486,442.54	$ 8,325,311.88	$ 7,614,368.87	$ 5,466,611.56	$ 4,794,750.27

EXHIBIT "J-2"
SHEET #2

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
NET (EXPENSE)/REVENUE										
Governmental activities	$ (74,542,784.81)	$ (70,976,993.61)	$ (68,762,993.68)	$ (71,029,915.58)	$ (70,086,332.01)	$ (70,864,949.82)	$ (69,519,619.36)	$ (66,093,349.33)	$ (60,919,687.80)	$ (54,267,616.42)
Business-type activities	216,791.50	(11,683.27)	(18,666.43)	7,997.98	90,718.43	22,070.39	(166,918.29)	56,092.66	(43,977.31)	3,318.40
Total district-wide net expense	$ (74,325,993.31)	$ (70,988,676.88)	$ (68,781,660.11)	$ (71,021,917.60)	$ (69,995,613.58)	$ (70,842,879.43)	$ (69,686,537.65)	$ (66,037,256.67)	$ (60,963,665.11)	$ (54,264,298.02)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	$ 66,699,439.00	$ 65,391,607.00	$ 64,586,634.00	$ 63,359,787.00	$ 61,940,575.00	$ 58,987,206.00	$ 57,054,379.00	$ 54,602,102.00	$ 51,711,475.00	$ 44,742,713.00
Taxes levied for debt service	7,166,769.00	7,037,967.00	6,510,488.00	6,586,741.00	6,213,929.00	6,302,688.00	6,223,651.00	6,702,938.00	6,711,876.00	6,689,355.00
Grants and contributions	321,819.62	896,691.99	3,473,673.37	3,881,954.08	989,771.67	5,095,403.58	4,523,769.26	4,387,838.50	4,179,285.43	4,432,778.00
Miscellaneous income	579,890.34	860,597.51	816,337.90	824,888.79	615,329.73	1,504,417.97	2,177,376.70	3,153,363.02	1,507,587.54	1,226,147.88
Disposal of capital assets					(11,315.55)			(639,426.17)		
Transfers							(22,006.02)		(11,222.31)	(7,723.00)
Total governmental activities	$ 74,767,917.96	$ 74,186,863.50	$ 75,387,133.27	$ 74,653,370.87	$ 69,748,289.85	$ 71,889,715.55	$ 69,957,169.94	$ 68,206,815.35	$ 64,099,001.66	$ 57,083,270.88
Business-type activities:										
Miscellaneous income	$	$	$	$	$	$ 1,119.72	$ 11,714.04	$ 11,748.75	$ 342,979.88	$ 5,662.26
Transfers							22,006.02			
Total business-type activities	$	$	$	$	$	$ 1,119.72	$ 33,720.06	$ 11,748.75	$ 342,979.88	$ 5,662.26
Total district-wide	$ 74,767,917.96	$ 74,186,863.50	$ 75,387,133.27	$ 74,653,370.87	$ 69,748,289.85	$ 71,890,835.27	$ 69,990,890.00	$ 68,218,564.10	$ 64,441,981.54	$ 57,088,933.14
CHANGE IN NET POSITION										
Governmental activities	$ 225,133.15	$ 3,209,869.89	$ 6,624,139.59	$ 3,623,455.29	$ (338,042.16)	$ 1,024,765.73	$ 437,550.58	$ 2,113,466.02	$ 3,179,313.86	$ 2,815,654.46
Business-type activities	216,791.50	(11,683.27)	(18,666.43)	7,997.98	90,718.43	23,190.11	(133,198.23)	67,841.41	299,002.57	8,980.66
Total district	$ 441,924.65	$ 3,198,186.62	$ 6,605,473.16	$ 3,631,453.27	$ (247,323.73)	$ 1,047,955.84	$ 304,352.35	$ 2,181,307.43	$ 3,478,316.43	$ 2,824,635.12

Source: CAFR Schedule A-2

EXHIBIT "J-3"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
(UNAUDITED)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Restricted	$ 7,391,008.74	$ 8,300,423.50	$ 5,853,506.20	2,344,962.28	$ 2,589,876.25	$ 3,981,060.26	$ 4,273,490.76	$ 4,813,949.76	$ 3,838,256.54	$ 2,492,946.85
Committed			359,169.88	1,600,000.00						
Unassigned	1,228,258.56	1,316,072.56	1,459,791.47	1,439,377.70	1,788,170.29	1,389,304.79	1,456,676.90	1,234,870.87	1,306,612.21	2,136,768.44
Total general fund	$ 8,619,267.30	$ 9,616,496.06	$ 7,672,467.55	5,384,339.98	$ 4,378,046.54	$ 5,370,365.05	$ 5,730,167.66	$ 6,048,820.63	$ 5,144,868.75	$ 4,629,715.29
All Other Governmental Funds										
Committed	$ 888,371.00	$ 1,402,453.90	$ 1,666,968.96	7,230,388.46	$ 4,638,696.08	$ 1,709.97	$ 48,302.47	$ 63,244.97	$ 92,578.93	$ 1,227,030.29
Restricted for:										
Capital projects fund	2,082,262.86	2,547,405.54	3,597,094.67	3,442,279.84	10,652,713.60	1,858,731.84	1,858,761.84	1,899,611.84	1,515,652.87	1,308,258.83
Debt service fund	2.97	3.49	2.26	9,503.88	5,344.13	574.24	9,667.51	153,843.77	14,003.34	17,698.22
Total all other governmental funds	$ 2,970,636.83	$ 3,949,862.93	$ 5,264,065.89	10,682,172.18	$ 15,296,753.81	$ 1,861,016.05	$ 1,916,731.82	$ 2,116,700.58	$ 1,622,235.14	$ 2,552,987.34

Source: CAFR Schedule B-1

EXHIBIT "J-4"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
UNAUDITED

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Tax levy	$ 73,866,208.00	$ 72,429,574.00	$ 71,097,122.00	$ 69,946,528.00	$ 68,154,504.00	$ 65,289,894.00	$ 63,278,030.00	$ 61,305,040.00	$ 58,423,351.00	$ 51,432,068.00
Tuition charges	138,240.71	187,126.00	151,969.00	89,362.16	64,192.60	1,064,679.97	908,545.00	825,318.43	752,560.00	692,457.00
Transportation	100,521.00	15,500.00			7,699.20	124,391.00	99,904.05	113,253.53	143,469.00	108,005.00
Interest on capital reserve			457.50	511.46	609.96	1,249.20	3,545.16	4,932.97	3,868.00	5,417.00
Interest on investments	54,668.84	81,695.76	77,455.53	158,951.38	154,760.19	82.19	35,596.58	60,647.61	57,941.00	145,379.00
Miscellaneous	728,640.25	810,332.67	811,938.50	634,050.33	673,927.21	469,299.49	1,253,727.58	2,395,726.69	726,285.00	444,805.00
State sources	10,511,369.65	11,881,617.29	12,270,836.16	10,234,170.38	9,014,050.99	9,650,794.22	10,005,355.33	9,525,991.18	7,501,359.00	7,275,594.00
Federal sources	1,021,256.03	1,119,110.32	1,219,047.05	1,920,248.73	1,482,353.11	1,179,275.47	1,170,004.66	891,812.42	808,322.00	785,650.00
Total revenue	$ 86,420,904.48	$ 86,524,956.04	$ 85,628,825.74	$ 82,983,822.44	$ 79,552,097.26	$ 77,779,665.54	$ 76,754,708.36	$ 75,122,722.83	$ 68,417,155.00	$ 60,889,375.00
Expenditures										
Instruction										
Regular Instruction	$ 23,175,710.73	$ 22,749,111.41	$ 21,780,794.49	$ 21,588,802.97	$ 30,055,703.49	$ 22,500,883.78	$ 21,491,557.69	$ 20,399,828.43	$ 19,617,244.00	$ 17,894,307.00
Special education instruction	6,329,385.45	6,097,577.19	6,000,077.27	6,162,082.09	9,805,278.13	6,859,863.43	4,371,724.39	4,188,122.31	3,739,959.00	3,466,798.00
Other instruction	2,795,395.14	2,795,073.52	2,622,406.85	2,301,439.23	3,388,749.00	2,343,456.12	2,318,840.78	2,062,258.83	1,945,300.00	1,764,192.00
Support Services:										
Tuition	2,138,226.38	1,967,306.41	1,952,152.48	2,326,295.83			2,713,734.84	2,424,574.73	2,007,444.00	1,720,983.00
Student & instruction related services	7,506,826.18	6,763,426.89	6,463,519.59	6,676,310.92	9,717,824.51	6,872,191.44	6,305,833.26	6,030,038.67	5,526,757.00	4,881,266.00
General administrative services	1,211,594.22	1,188,822.35	1,079,836.42	1,201,311.17	1,456,107.08	1,049,984.68	1,214,882.82	1,374,137.49	1,215,203.00	1,215,700.00
School Administrative services	3,206,393.83	3,014,758.80	2,913,139.81	2,823,113.94	3,698,292.78	2,603,268.52	2,533,584.29	2,457,461.82	2,432,618.00	1,974,201.00
Central services	1,286,688.73	1,254,612.90	1,181,590.85	1,136,821.02	1,606,324.73	1,178,964.28	1,146,542.07	1,074,407.58	1,001,051.00	1,091,061.00
Plant operations and maintenance	7,387,766.94	6,213,561.11	6,075,272.63	6,149,841.90	7,520,005.55	6,996,542.30	7,286,892.11	7,278,464.94	6,893,311.00	5,117,608.00
Student transportation services	3,987,232.37	3,941,097.68	4,056,684.57	4,674,301.68	5,380,341.82	5,055,173.55	5,523,366.21	5,162,698.70	5,490,880.00	3,517,942.00
Unallocated employee benefits	19,930,239.51	20,487,387.24	19,357,024.15	17,116,749.73		14,678,173.34	15,110,283.35	13,734,570.96	9,674,144.00	9,660,835.00
Capital outlay	2,425,893.34	2,536,367.22	8,247,216.07	7,805,331.04	1,288,865.72	2,032,240.25	1,245,136.00	1,366,641.27	4,599,195.00	16,623,459.00
Capital lease payments									17,893.00	34,560.00
Debt service:										
Payment to Refunding Escrow Agent			628,922.93							
Cost of Issue of Refunding Bonds			172,749.52							
Principal	4,327,800.00	4,252,800.00	4,287,800.00	3,122,800.00	4,079,323.66	2,962,800.00	2,907,800.00	2,852,800.00	2,732,800.00	2,582,800.00
Interest and other charges	3,096,095.52	3,216,374.77	3,159,197.01	3,713,758.11	3,490,481.13	3,663,039.46	3,774,855.21	4,171,267.50	4,304,115.00	4,430,134.00
Charter Schools	2,111.00	13,853.00								
Total expenditures	$ 88,807,359.34	$ 86,492,130.49	$ 89,978,384.64	$ 86,798,959.63	$ 81,487,297.60	$ 78,796,581.15	$ 77,945,033.02	$ 74,577,273.23	$ 71,197,914.00	$ 75,975,846.00
Excess (Deficiency) of revenues over (under) expenditures	$ (2,386,454.86)	$ 32,825.55	$ (4,349,558.90)	$ (3,815,137.19)	$ (1,935,200.34)	$ (1,016,915.61)	$ (1,190,324.66)	$ 545,449.60	$ (2,780,759.00)	$ (15,086,471.00)
Other Financing sources (uses)										
Capital leases (non-budgeted)	410,000.00	597,000.00	417,907.73	206,849.00	253,619.59	601,397.23	693,708.95	852,967.72	2,376,382.00	
Serial Bond Proceeds			17,215,000.00		14,125,000.00					
Original Issue Premium			1,361,672.45							
Payment to Refunding Escrow Agent			(17,775,000.00)							
Transfers in	880,258.68	262,072.59	866,964.05	130,925.75			(22,006.02)	46,626,791.80	1,068,635.00	
Transfers out	(880,258.68)	(262,072.59)	(866,964.05)	(130,925.75)				(46,626,791.80)	(1,079,858.00)	(7,723.00)
Total other financing sources (uses)	$ 410,000.00	$ 597,000.00	$ 1,219,580.18	$ 206,849.00	$ 14,378,619.59	$ 601,397.23	$ 671,702.93	$ 852,967.72	$ 2,365,159.00	$ (7,723.00)
Net change in fund balances	$ (1,976,454.86)	$ 629,825.55	$ (3,129,978.72)	$ (3,608,288.19)	$ 12,443,419.25	$ (415,518.38)	$ (518,621.73)	$ 1,398,417.32	$ (415,599.00)	$ (15,094,194.00)
Debt service as a percentage of noncapital expenditures	8.59%	8.90%	10.09%	8.65%	9.44%	8.63%	8.71%	9.59%	10.57%	11.82%

Source: CAFR Schedule B-2

EXHIBIT "J-5"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
(UNAUDITED)

Fiscal Year Ended June 30,	Tuition	Transportation Fees	Interest On Investments	Other	Rentals	Prior Year Refunds	Concession Fees	Participation Fees	Misc.	Total
2014	$ 138,240.71	$ 100,521.00	$ 45,410.16	$	$ 233,841.68	$ 41,168.28	$	$ 168,950.00	$ 250,211.54	$ 978,343.37
2013	187,126.00	15,500.00	64,323.17		269,407.92	27,579.89		173,525.00	292,888.94	1,030,350.92
2012	151,969.00	23,728.00	57,073.37		329,975.62	33,176.14		163,200.00	188,345.11	947,467.24
2011	11,163.35		58,012.86		194,221.85	25,947.47	5,000.00	149,720.00	235,729.45	679,794.98
2010	64,192.60	7,699.20	155,367.15	221,634.07	89,687.44	34,357.17			263,988.68	836,926.31
2009	1,064,679.97	124,391.00	121,682.89	38,945.00	51,429.35	29,288.39			198,310.18	1,628,726.78
2008	908,545.00	99,904.05	464,099.48		62,662.14	596,749.85			109,723.91	2,241,684.43
2007	825,318.43	113,253.53	649,208.55	345,000.00	71,078.14	295,229.61			96,857.51	2,395,945.77
2006	752,559.79	143,469.43	390,822.25		23,314.26	15,989.25			219,604.00	1,545,758.98
2005	692,457.00	108,005.19	214,771.52		13,840.00	33,375.48			126,325.29	1,188,774.48

Source: District Records

EXHIBIT "J-6"
SHEET #1

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - MONTGOMERY
(UNAUDITED)

Calendar Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Q-Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2013	$ 50,580,500	$ 3,196,965,900	$ 67,056,400	$ 1,946,000	$ 293,745,100	$ 3,112,900	$ 90,938,200	$ 3,704,345,000	$ 2,306,369	$3,706,651,369	$ 4,610,153,467	$ 1.951
2012	44,639,200	3,202,029,520	67,737,500	2,068,000	291,172,600	3,112,900	93,077,600	3,703,837,320	5,049,897	3,708,887,217	4,518,973,572	1.911
2011	45,820,600	3,210,084,800	68,599,100	2,049,600	298,005,300	3,112,900	93,577,600	3,721,249,900	4,927,137	3,726,177,037	4,647,608,335	1.870
2010	45,877,100	3,219,311,700	66,750,100	2,040,300	303,046,200	3,112,900	106,253,500	3,746,391,800	5,317,234	3,751,709,034	4,834,169,424	1.828
2009	45,851,100	3,232,198,600	66,959,700	2,055,700	306,293,800	3,112,900	106,253,500	3,762,725,300	3,991,386	3,766,716,686	5,136,778,408	1.775
2008	46,051,500	3,234,092,100	63,673,300	2,096,700	306,651,100	3,112,900	102,310,600	3,757,988,200	4,288,920	3,762,277,120	4,902,035,342	1.736
2007	41,316,700	3,224,294,000	60,008,300	2,131,700	304,759,180	3,112,900	94,720,400	3,730,343,180	4,297,959	3,734,641,139	4,673,325,971	1.696
2006	55,566,120	3,235,487,100	56,196,500	2,549,052	315,178,180	3,112,900	73,506,000	3,741,595,852	4,855,073	3,746,450,925	4,236,439,589	1.637
2005	98,119,700	3,204,571,700	54,270,300	1,989,852	318,381,180	3,112,900	74,229,800	3,754,675,432	5,785,148	3,760,460,580	3,787,773,357	1.554
2004	69,048,900	2,606,114,600	42,692,100	2,861,247	263,911,364	4,885,300	53,294,600	3,042,808,111	5,225,694	3,048,033,805	3,469,800,194	1.688

Source: District records Tax list summary & Municipal Tax Assessor
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 valuation.

EXHIBIT "J-6"
SHEET #2

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - ROCKY HILL
(UNAUDITED)

Calendar Year Ended December 31,	Vacant Land	Residential	Q-Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2013	$ 420,500	$ 103,705,700	$ 20,900	$ 7,657,000	$ 7,394,900	$ 1,025,500	$ 120,224,500	$ 342,424	$ 120,566,924	$ 127,004,668	$ 1.284
2012	420,500	104,910,700	20,900	7,098,800	7,394,900	1,025,500	120,871,300	337,357	121,208,657	132,314,490	1.226
2011	420,500	104,889,900	20,900	7,098,800	7,394,900	1,025,500	120,850,500	389,705	121,240,205	126,497,136	1.152
2010	198,100	55,333,200	20,900	3,538,500	3,404,000	569,400	63,064,100	255,793	63,319,893	137,715,536	2.109
2009	272,300	54,772,900	20,900	3,538,500	3,404,000	569,400	62,578,000	133,835	62,711,835	141,051,938	2.126
2008	272,300	54,606,200	20,900	3,538,500	3,404,000	569,400	62,411,300	95,362	62,506,662	136,997,347	1.984
2007	272,300	54,572,200	20,900	3,451,000	3,329,000	569,400	62,214,800	88,696	62,303,496	133,698,726	1.648
2006	272,300	54,397,200	20,900	3,451,000	3,329,000	569,400	62,039,800	93,933	62,133,733	122,919,580	1.400
2005	275,600	54,274,300	20,900	3,451,000	3,185,000	569,400	61,776,200	105,353	61,881,553	106,019,067	1.300
2004	275,600	54,155,800	20,900	3,451,000	3,185,000	569,400	61,657,700	52,813	61,710,513	98,083,017	1.280

Source: District records Tax list summary & Municipal Tax Assessor
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 Reassessment became effective for 2011.
(a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
(b): Tax rates are per $100 of assessed valuation.

EXHIBIT "J-7"
SHEET #1

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES - MONTGOMERY
UNAUDITED

Calendar Year Ended December 31,	Township of Montgomery			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Township of Montgomery	Somerset County	
2013	1.759	0.192	1.951	$ 0.361	$ 0.472	2.784
2012	1.725	0.186	1.911	0.352	0.446	2.709
2011	1.699	0.171	1.870	0.344	0.445	2.659
2010	1.656	0.172	1.828	0.340	0.427	2.595
2009	1.613	0.162	1.775	0.339	0.453	2.567
2008	1.568	0.168	1.736	0.339	0.439	2.514
2007	1.529	0.167	1.696	0.298	0.426	2.420
2006	1.458	0.179	1.637	0.267	0.406	2.310
2005	1.375	0.179	1.554	0.265	0.381	2.200
2004	1.468	0.220	1.688	0.306	0.456	2.450

Source: District Records and Municipal Tax Collector
(Rates are per $100 of assessed value)

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(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.

EXHIBIT "J-7"
SHEET #2

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES - ROCKY HILL
UNAUDITED

Calendar Year Ended December 31,	Borough of Rocky Hill: Basic Rate (a)	Borough of Rocky Hill: General Obligation Debt Service (b)	Borough of Rocky Hill: Total Direct School Tax Rate	Overlapping Rates: Borough of Rocky Hill	Overlapping Rates: Somerset County	Total Direct and Overlapping Tax Rate
2013	1.262	0.022	1.284	$ 0.378	$ 0.400	2.062
2012	1.206	0.020	1.226	0.377	0.400	2.003
2011	1.139	0.013	1.152	0.383	0.374	1.909
2010	2.110		2.110	0.734	0.724	3.568
2009	2.126		2.126	0.736	0.747	3.609
2008	1.984		1.984	0.710	0.741	3.435
2007	1.649		1.649	0.663	0.728	3.040
2006	1.402		1.402	0.666	0.712	2.780
2005	1.303		1.303	0.627	0.650	2.580
2004	1.276		1.276	0.528	0.636	2.440
2003	1.196		1.196	0.530	0.604	2.330

Source: District Records and Municipal Tax Collector
(Rates are per $100 of assessed value)

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 Reassessment became effective for 2011.

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(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.

EXHIBIT "J-8"
SHEET #1

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - MONTGOMERY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2014			2005 *		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Pike Run LLC/Cloverleaf	$ 76,910,300	1	2.07%		1	
Montpen/Research Park LLC/ABCF LLC	49,838,400	2	1.34%		2	
Presbyterian Homes	43,752,900	3	1.18%			
Johnson and Johnson	41,797,200	4	1.13%		3	
Bloomburg LP	15,837,600	5	0.43%		4	
Sharbell Plainsboro Inc	15,742,500	6	0.42%		5	
Convatec Inc	15,651,000	7	0.42%		6	
JER/Herring Orchard	11,996,200	8	0.32%		7	
P.H. Associates, LLC	9,630,700	9	0.26%		9	
Princeton North Realty	7,909,500	10	0.21%		10	
Total	$ 289,066,300		7.80%	$ -		0.00%

Source: District CAFR J11 & Municipal Tax Assessor

* Information was not available at time of audit.

EXHIBIT "J-8"
SHEET #2

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - ROCKY HILL
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2014			2005 *		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
J & R Association LLC	$ 7,394,900	1	6.13%		1	
Hayden, Stephen P.	1,107,400	2	0.92%		2	
Bank of America	1,104,500	3	0.92%		3	
Witherspoon Partners LLC	1,076,600	4	0.89%		4	
Merritt Brothers, Inc.	1,062,500	5	0.88%		5	
Schafer, Barbara D.	956,200	6	0.79%		6	
Donato, Joseph & Alana	785,900	7	0.65%		7	
Schellscheidt, Karl & Dani	726,300	8	0.60%		8	
George F. White, III	715,900	9	0.59%		9	
Copper Spoon Pro. LLC	700,000	10	0.58%		10	
Total	$ 15,630,200		12.96%	$ -		0.00%

Source: District CAFR J11 & Municipal Tax Assessor

* Information was not available at time of audit.

EXHIBIT "J-9"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
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	
2014	$ 73,866,208	$ 73,866,208	100.00%	-
2013	72,429,574	72,429,574	100.00%	-
2012	71,097,122	71,097,122	100.00%	-
2011	69,946,528	69,946,528	100.00%	-
2010	68,154,504	68,154,504	100.00%	-
2009	65,289,894	65,289,894	100.00%	-
2008	63,278,030	63,278,030	100.00%	-
2007	61,305,040	61,305,040	100.00%	-
2006	58,423,351	58,423,351	100.00%	-
2005	51,432,068	51,432,068	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: 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 is the amount voted upon or certified prior to the end of the school year.

EXHIBIT "J-10"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities: General Obligation Bonds (b)	Governmental Activities: Certificates of Participation	Governmental Activities: Capital Leases	Total District	Percentage of Personal Income (a)	Per Capita (a)
2014	$ 67,665,000	$ 7,010,200	$ 855,032	$ 75,530,232	4.29%	$ 3,258
2013	71,405,000	7,598,000	727,523	79,730,523	4.73%	3,450
2012	75,095,000	8,160,800	514,699	83,770,499	5.20%	3,636
2011	79,395,000	8,708,600	588,818	88,692,418	5.61%	3,859
2010	81,990,000	9,236,400	951,168	92,177,568	5.53%	4,101
2009	70,415,000	9,769,200	1,947,691	82,131,891	5.13%	3,691
2008	72,925,000	10,017,000	2,677,946	85,619,946	5.67%	3,855
2007	75,395,000	10,454,800	3,109,958	88,959,758	6.40%	4,012
2006	76,538,000	10,877,600	3,407,893	90,823,493	6.81%	4,107
2005	78,863,000	11,285,400	1,066,357	91,214,757	7.27%	4,147

Source: District CAFR Schedules I-1, I-2
Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
(a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

EXHIBIT "J-11"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
(UNAUDITED)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
2014	$ 67,665,000		$ 67,665,000	1.77%	$ 2,918
2013	71,405,000		71,405,000	1.86%	3,090
2012	75,095,000		75,095,000	1.95%	3,259
2011	79,395,000		79,395,000	2.12%	3,455
2010	81,990,000		81,990,000	2.18%	3,648
2009	70,415,000		70,415,000	1.87%	3,165
2008	72,925,000		72,925,000	1.95%	3,283
2007	75,395,000		75,395,000	2.01%	3,400
2006	76,538,000		76,538,000	2.04%	3,461
2005	78,863,000		78,863,000	2.59%	3,586

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
(a) See Exhibit J-6 for property tax data.
(b) Population data can be found in Exhibit NJ J-14.

EXHIBIT "J-12"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Montgomery	$ 67,841,994	100%	$ 67,841,994
Borough of Rocky Hill	695,166	100%	695,166
Other debt			
Somerset County	356,248,241	8.00%	28,503,795
Subtotal, overlapping debt			97,040,955
Township of Montgomery School District Direct Debt	69,260,000	100%	69,260,000
Total direct and overlapping debt			$ 166,300,955

Source: Municipal Chief Financial Officer, County Treasurer's Office

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 the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

EXHIBIT "J-13"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
(UNAUDITED)

Legal Debt Margin Calculation for Year 2013:

Equalized Valuation Basis

Calendar Year	Montgomery	Rocky Hill	Total
2013	$4,432,094,999	$127,127,525	$4,559,222,524
2012	4,601,611,778	125,933,840	4,727,545,618
2011	4,529,272,030	130,550,394	4,659,822,424
	$13,562,978,807	$383,611,759	$13,946,590,566
Average Equalized Valuation of Taxable Property	$4,520,992,936	$127,870,586	$4,648,863,522

Debt Limit (4% (a) of average equalization value)	$185,954,541
Total Net Debt Applicable to Limit	67,665,000
Legal Debt Margin	$118,289,541

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	$185,954,541	$189,108,778	$192,449,022	$200,435,160	$197,579,355	$195,362,544	$183,639,604	$167,571,346	$150,417,718	$131,680,400
Total Net Debt Applicable To Limit	67,665,000	71,405,000	75,095,000	79,395,000	81,990,000	70,415,000	72,925,000	75,395,000	90,527,764	92,852,764
Legal Debt Margin	$118,289,541	$117,703,778	$117,354,022	$121,040,160	$115,589,355	$124,947,544	$110,714,604	$92,176,346	$59,889,954	$38,827,636
Total Net Debt Applicable to the Limit as a % of Debt Limit	36.39%	37.76%	39.02%	39.61%	41.50%	36.04%	39.71%	44.99%	60.18%	70.51%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation
(a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

EXHIBIT "J-14"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)

	Population (a)			Per Capita	Unemployment Rate (d)	
Year	Montgomery	Rocky Hill	Personal Income (b)	Personal Income (c)	Montgomery	Rocky Hill
2014	22,499	686	$ 1,758,883,655	$ 75,863.00	5.80%	2.40%
2013	22,425	685	1,687,284,210	73,011.00	5.20%	6.60%
2012	22,354	685	1,610,103,554	69,886.00	5.00%	6.30%
2011	22,299	683	1,580,081,446	68,753.00	5.10%	6.40%
2010	21,815	660	1,667,555,100	74,196.00	5.10%	3.60%
2009	21,596	654	1,602,333,750	72,015.00	2.80%	3.60%
2008	21,556	654	1,511,168,400	68,040.00	2.10%	2.70%
2007	21,518	654	1,390,406,120	62,710.00	3.30%	3.00%
2006	21,461	654	1,332,848,935	60,269.00	3.30%	2.80%
2005	21,337	656	1,254,634,671	57,047.00	2.90%	4.00%

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 US Department of Commerce, Bureau of Economic Analysis.
(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.
* Information not applicable prior to merger

EXHIBIT "J-15"
SHEET #1

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - MONTGOMERY
CURRENT AND NINE YEARS AGO
(UNAUDITED)

	2014 *			2005 *		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	$ -			$ -		

Source: Chamber of Commerce

* Information was not available at time of audit.

EXHIBIT "J-15"
SHEET #2

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - ROCKY HILL
CURRENT AND NINE YEARS AGO
(UNAUDITED)

	2014 *			2005 *		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	$ -			$ -		

Source: Chamber of Commerce

* Information was not available at time of audit.

EXHIBIT "J-16"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
(UNAUDITED)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Regular	306	336	362	372	375	379	333	319	317	313
Special education	78	83	91	88	92	90	114	125	126	134
Support Services:										
Student & instruction related services	77	83	78	75	76	77	43	74	75	77
General administrative services	5	6	5	5	6	5	5	5	5	5
School administrative services	29	33	33	33	33	33	31	31	30	36
Business administrative services	13	14	13	13	13	13	13	12	12	13
Plant operations and maintenance	48	55	59	59	59	59	52	52	52	52
Pupil transportation	62	66	70	76	78	78	64	64	64	64
Athletics	2	4	4	4	4	4	4	4	4	4
Total	620	680	715	725	736	738	659	686	685	698

Source: District Personnel Records

EXHIBIT "J-17"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
OPERATING STATISITICS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Teacher/Pupil Ratio Elementary School	Teacher/Pupil Ratio Middle School	Teacher/Pupil Ratio High School	Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	4,899	52,304,893	10,677	6.98%	421	1:21	1:21	1:24	4,918.3	4,729.6	4.52%	96.16%
2006	5,129	59,543,911	11,609	8.74%	463	1:12	1:11	1:12	5,011.5	4,863.7	1.89%	97.05%
2007	5,271	66,186,564	12,557	8.16%	464	1:12	1:11	1:12	5,231.9	5,070.5	4.40%	96.92%
2008	5,273	70,017,242	13,278	5.75%	470	1:12	1:11	1:12	5,288.4	5,093.1	1.08%	96.31%
2009	5,305	70,138,501	13,221	-0.43%	473	1:22	1:22	1:20	5,287.9	5,094.3	-0.01%	96.34%
2010	5,237	70,993,710	13,556	2.53%	464	1:20	1:21	1:21	5,201.5	5,012.4	-1.63%	96.36%
2011	5,090	72,157,070	14,176	4.57%	447	1:21	1:21	1:22	5,102.4	4,936.4	-1.91%	96.75%
2012	5,047	73,482,499	14,560	2.70%	444	1:19	1:20	1:20	5,043.4	4,876.3	-1.16%	96.69%
2013	4,892	76,472,735	15,632	7.37%	443	1:18	1:22	1:18	4,881.8	4,704.6	-3.20%	96.37%
2014	4,784	78,955,459	16,504	5.58%	447	1:20	1:20	1:18	4,782.0	4,624.0	-2.04%	96.70%

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
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).

EXHIBIT "J-18"

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
District Building										
Village School										
Square Feet	81,925	81,925	81,925	81,925	81,925	81,925	83,425	84,925	83,425	83,425
Capacity (students)	863	863	863	863	863	863	883	883	883	883
Enrollment	786	821	855	828	791	780	766	766	680	665
Orchard Hill										
Square Feet	129,995	129,995	129,995	129,995	129,995	129,995	129,995	129,995	129,995	129,995
Capacity (students)	1,241	1,241	1,241	1,241	1,241	1,241	1,241	1,241	1,241	1,241
Enrollment [a]	1,529	1,104	1,108	1,028	1,042	948	956	956	854	789
Lower Middle School - (1999-2005 = Grades 6-8)										
Square Feet	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300
Capacity (students)	875	875	875	875	875	875	875	875	875	875
Enrollment	1,211	839	834	885	909	862	809	809	797	778
Upper Middle School - (2005-Moved to HS)										
Square Feet	-	142,349	142,349	142,349	142,349	142,349	1,423,498	142,349	142,349	142,349
Capacity (students)	-	985	985	985	985	985	985	985	985	985
Enrollment	-	832	853	852	870	888	899	899	822	838
High School										
High School - (New Building - 2005/2006)										
Square Feet	142,349	406,000	406,000	406,000	406,000	406,000	406,000	406,000	406,000	406,000
Capacity (students)	985	1,779	1,779	1,779	1,779	1,779	1,779	1,779	1,779	1,779
Enrollment	1,373	1,527	1,621	1,680	1,689	1,713	1,683	1,683	1,738	1,714
Other										
	-	-	-	-	-	-	-	-	-	-
Transportation										
Square Feet	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385	3,385

Number of Schools at June 30, 2014

Elementary = 2
Middle School = 2
High School = 1
Other = 2

Source: District records, ASSA, LRFP

*The School District also utilized Temporary Classroom Units to house students through 2005

EXHIBIT "J-19"

TOWNSHIP OF MONTGOMERY - SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Village Elementary	N/A	$ 108,621	$ 90,679	$ 87,127	$ 118,807	$ 134,364	$ 83,047	$ 84,592	$ 79,459	$ 76,651	$ 90,368
Orchard Hill Elementary	N/A	179,223	150,018	155,986	67,888	59,792	77,748	90,009	136,388	144,144	185,891
Lower Middle School	N/A	180,642	131,882	148,512	95,637	180,087	101,918	63,599	101,383	102,509	141,512
Upper Middle School	N/A	372,452	161,234	187,050	86,680	123,569	85,498	80,591	137,678	121,920	225,291
High School *	N/A	873,111	502,862	432,581	333,807	397,409	147,905	163,339	223,420	309,740	
Total School Facilities		$ 1,714,049	$ 1,036,675	$ 1,011,256	$ 702,819	$ 895,221	$ 496,116	$ 482,130	$ 678,328	$ 754,964	$ 643,062
Other Facilities		368,122	83,937	21,539	85,906	28,946	29,040	34,444	67,266	173,338	54,618
Grand Total		$ 2,082,171	$ 1,120,612	$ 1,032,795	$ 788,725	$ 924,167	$ 525,156	$ 516,574	$ 745,594	$ 928,302	$ 697,680

*New High School opened 9/05-
Grade configuration changed for the
2005-06 school year.

Prior to 9/05- Upper Middle School
was the High School, Lower Middle
School was the Middle School.

EXHIBIT "J-20"
SHEET #1

MONTGOMERY TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
SAIF	Property Blanket Building & Contents-Replacement Cost Values	$ 250,000,000	$ 2,500
SAIF/ACE	Flood/Earthquake	25,000,000	2,500
SAIF	Environmental/Pollution Liability	1,000,000 occ/ 25,000,000 agg.	10,000
SAIF	General Liability		1,000
	-Each Occurrence	5,000,000	
	-General Aggregate	50,000,000	
	-Personal Injury	5,000,000	
	-Fire Damage	5,000,000	
	-Medical Expense Limit (Excluding students)	5,000	
	-Employee Benefit Liability	1,000,000	
	-Aggregate	5,000,000	
SAIF	Automotive Coverage		1,000
	-Combined Single Limit	5,000,000	
	-Hired/Non-Owned	5,000,000	
	-Uninsured & Underinsured	15,000/30,000/5,000	
	#NAME?		1,000
SAIF	Inland Marine		
	-Electronic Data Processing Equipment	1,430,000	2,500
SAIF	Crime Coverage		2,500
	-Employee Dishonesty with Faithful Performance	500,000	
	-Theft, Disappearance & Destruction Inside and Out	50,000	
	-Robbery & Safe Burglary Property other than Money & Securities-Inside & Out	50,000	
	- Forgery or Alteration	50,000	
SAIF	Boiler & Machinery Coverage	100,000,000	2,500
SAIF	Umbrella Liability Coverage		
	-Occurrence Limit	5,000,000	
	-Aggregate Limit	5,000,000	

Source: District Records

EXHIBIT "J-20"
SHEET #2

MONTGOMERY TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
New Jersey School Boards Association Insurance Group	Board of Education		
	-Liability Wrongful Acts Coverage		
	Each Loss	$ 11,000,000	$ 15,000
	Aggregate	11,000,000	15,000
Bollingers	Student Accident - Compulsory Program incl Sports		500
	-Benefit Period 5 years	500,000	
Selective Insurance	Fidelity Bonds		
	-Treasurer of School Monies	365,000	
	-School Business Administrator/ Board Secretary	25,000	
New Jersey School Boards Association Insurance Group	Worker's Compensation		
	-Each Accident	2,000,000	
	-Each Employee	2,000,000	
	-Aggregate	2,000,000	
Firemans Fund	Catastrophe Access Plan	50,000,000	
SAIF	Cyber Liability		
	-Third Party Pool Limit	20,000,000	
	-Third Party Each Member	2,000,000	
	-First Party	2,000,000	

Source: District Records

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SINGLE AUDIT SECTION

SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and Members
of the Board of Education
Township of Montgomery School District
County of Somerset
Skillman, New Jersey 08558

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Montgomery School District (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated September 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 Township of Montgomery School 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

Suplee, Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

Robert S. Cognevale
PUBLIC SCHOOL ACCOUNTANT NO. 93

September 18, 2014

SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH U.S. OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable President and Members
of the Board of Education
Township of Montgomery School District
County of Somerset
Skillman, New Jersey 08558

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Montgomery School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Montgomery School District's major federal and state programs for the year ended June 30, 2014. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Montgomery School 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; and *OMB Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey *OMB 04-04*. Those standards, *OMB Circular A-133* and New Jersey *OMB 04-04* 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 Township of Montgomery School 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 Township of Montgomery School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Township of Montgomery School 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 year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Township of Montgomery School 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 Township of Montgomery School 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 *OMB Circular A-133* and New Jersey *OMB 04-04*, 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 Township of Montgomery School 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 *OMB Circular A-133* and State of New Jersey *OMB 04-04*. Accordingly, this report is not suitable for any other purpose.

Suplee, Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

Robert B. Cognevale
PUBLIC SCHOOL ACCOUNTANT NO. 93

September 18, 2014

EXHIBIT "K-3"
SCHEDULE A

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2013	CARRYOVER AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENT	BALANCE AT JUNE 30, 2014 (ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2014 DEFERRED REVENUE
Enterprise Funds											
U.S. Department of Agriculture											
Passed-through State Department of Education:											
Commodity Supplemental Food Program	10.565	N/A	7/1/13-6/30/14	$ 60,915.87	$	$	$ 60,915.87	$ (54,355.48)	$	$	$ 6,560.39
Commodity Supplemental Food Program	10.565	N/A	7/1/12-6/30/13	50,106.97	2,282.12			(2,282.12)			
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	99,673.25			91,991.83	(99,673.25)		(7,681.42)	
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	89,638.81	(7,233.19)		7,233.19				
Total U.S. Department of Agriculture					$ (4,951.07)	$	160,140.89	$ (156,310.85)	$	$ (7,681.42)	$ 6,560.39
Special Revenue Fund											
U.S. Department of Education											
Passed-through State Department of Education:											
I.D.E.A. Part B, Basic	84.027	IDEA332014	9/1/13-8/31/14	792,329.00	$	$ 41,849.62	$ 620,086.00	$ (823,527.34)	$	$ (161,591.72)	$
I.D.E.A. Part B, Basic	84.027	IDEA332013	9/1/12-8/31/13	890,783.00	(215,970.38)	(41,849.62)	257,820.00				
I.D.E.A. Part B-Preschool	84.173	IDEA332014	9/1/13-8/31/14	22,422.00		5,650.00	11,048.00	(27,482.00)		(10,784.00)	
I.D.E.A. Part B-Preschool	84.173	IDEA332013	9/1/12-8/31/13	25,103.00	(20,248.00)	(5,650.00)	25,898.00				
Title 1	84.010A	NCLB332014	9/1/13-8/31/14	110,520.00			96,686.00	(109,568.69)		(12,882.69)	
Title 1	84.010A	NCLB332013	9/1/12-8/31/13	121,478.00	(68,255.00)		68,255.00				
Title II, Part A	84.367A	NCLB332014	9/1/13-8/31/14	48,573.00			23,166.00	(48,573.00)		(25,407.00)	
Title II, Part A	84.367A	NCLB332013	9/1/12-8/31/13	52,168.00	(36,206.00)		36,206.00				
Title III	84.365A	NCLB332014	9/1/13-8/31/14	12,105.00			1,136.00	(12,105.00)		(10,969.00)	
Total Special Revenue Fund					$ (340,679.38)	$	$ 1,140,301.00	$ (1,021,256.03)	$	$ (221,634.41)	$
Total Federal Financial Assistance					$ (345,630.45)	$	$ 1,300,441.89	$ (1,177,566.88)	$	$ (229,315.83)	$ 6,560.39

See accompanying notes to schedules of financial assistance.

EXHIBIT "K-4"
SCHEDULE B

TOWNSHIP OF MONTGOMERY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2013 DEFERRED REVENUE (ACCTS.REC.)	BALANCE AT JUNE 30, 2013 DUE TO GRANTOR	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR BALANCES	BALANCE AT JUNE 30, 2014 DEFERRED REVENUE (ACCTS.REC.)	BALANCE AT JUNE 30, 2014 DUE TO GRANTOR	MEMO BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES
General Fund:												
Special Education Aid	14-495-034-5120-089	2,572,960.00	7/1/13-6/30/14	$	$	$ 2,327,249.88	$ (2,572,960.00)	$ 245,710.12	$	$	$ (245,710.12)	$ 2,572,960.00
Special Education Aid	13-495-034-5120-089	2,580,568.00	7/1/12-6/30/13			245,358.60		(245,358.60)				
Security Aid	14-495-034-5120-084	387,267.00	7/1/13-6/30/14			350,284.14	(387,267.00)	36,982.86			(36,982.86)	387,267.00
Security Aid	13-495-034-5120-084	385,727.00	7/1/12-6/30/13			36,674.65		(36,674.65)				
Transportation Aid	14-495-034-5120-014	965,840.00	7/1/13-6/30/14			873,605.12	(965,840.00)	92,234.88			(92,234.88)	965,840.00
Transportation Aid	13-495-034-5120-014	964,161.00	7/1/12-6/30/13			91,671.75		(91,671.75)				
Adjustment Aid	14-495-034-5120-085	4,389.00	7/1/13-6/30/14			3,969.86	(4,389.00)	419.14			(419.14)	4,389.00
Extraordinary Special Education Costs Aid	14-495-034-5120-044	433,113.00	7/1/13-6/30/14				(433,113.00)		(433,113.00)		(433,113.00)	433,113.00
Extraordinary Special Education Costs Aid	13-495-034-5120-044	440,121.00	7/1/12-6/30/13	(440,121.00)		440,121.00						
Nonpublic School Transportation Costs Aid	Not Available	69,131.00	7/1/13-6/30/14				(69,131.00)		(69,131.00)		(69,131.00)	69,131.00
Nonpublic School Transportation Costs Aid	Not Available	72,149.71	7/1/12-6/30/13	(72,149.71)		72,149.71						
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002		7/1/13-6/30/14			2,309,195.99	(2,429,330.77)		(120,134.78)		(120,134.78)	2,429,330.77
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	2,431,056.45	7/1/12-6/30/13	(119,949.43)		119,949.43						
				$ (632,220.14)	$	$ 6,870,230.13	$ (6,862,030.77)	$ 1,642.00	$ (622,378.78)	$	$ (997,725.78)	$ 6,862,030.77
Special Revenue Fund:												
Textbook Aid	14-100-034-5120-064	13,440.00	7/1/13-6/30/14	$	$	$ 13,440.00	$ (8,257.91)	$	$	$ 5,182.09	$	$ 8,257.91
Textbook Aid	13-100-034-5120-064	13,686.00	7/1/12-6/30/13		4,636.38			(4,636.38)				
Nursing Aid	14-100-034-5120-070	18,914.00	7/1/13-6/30/14			18,914.00	(10,462.20)			8,451.80		10,462.20
Nursing Aid	13-100-034-5120-070	18,995.00	7/1/12-6/30/13		97.65			(97.65)				
Technology Aid	14-100-034-5120-373	4,900.00	7/1/13-6/30/14			4,900.00	(1,736.94)			3,163.06		1,736.94
Technology Aid	13-100-034-5120-373	5,051.00	7/1/12-6/30/13		686.47			(686.47)				
Handicapped Services:												
Supplementary Instruction	14-100-034-5120-066	8,326.00	7/1/13-6/30/14			8,326.00	(3,330.24)			4,995.76		3,330.24
Supplementary Instruction	13-100-034-5120-066	8,326.00	7/1/12-6/30/13		2,498.08			(2,498.08)				
Examination and Classification	14-100-034-5120-066	21,172.00	7/1/13-6/30/14			21,172.00	(20,533.66)			638.34		20,533.66
Examination and Classification	13-100-034-5120-066	23,720.00	7/1/12-6/30/13		9,231.82			(9,231.82)				
Corrective Speech	14-100-034-5120-066	6,093.00	7/1/13-6/30/14			6,093.00	(2,499.84)			3,593.16		2,499.84
Corrective Speech	13-100-034-5120-066	11,718.00	7/1/12-6/30/13		8,124.48			(8,124.48)				
Auxiliary Services:												
Compensatory Education	14-100-034-5120-067	6,506.00	7/1/13-6/30/14			6,506.00	(1,540.80)			4,965.20		1,540.80
Compensatory Education	13-100-034-5120-067	3,344.00	7/1/12-6/30/13		3,344.00			(3,344.00)				
E.S.L.	14-100-034-5120-067	6,110.00	7/1/13-6/30/14			6,110.00	(698.32)			5,411.68		698.32
E.S.L.	13-100-034-5120-067	3,240.00	7/1/12-6/30/13		2,387.40			(2,387.40)				
				$	$ 31,006.28	$ 85,461.00	$ (49,059.91)	$ (31,006.28)	$	$ 36,401.09	$	$ 49,059.91
Capital Project Fund:												
SDA Grant- Orchard Hill Elementary School	3320-080-09-1002	2,683,713.22	Project Length	(347,001.03)				347,001.03				2,683,713.22
				$ (347,001.03)	$	$	$	$ 347,001.03	$	$	$	$ 2,683,713.22
Debt Service Fund:												
Debt Service Aid - Type II	14-495-034-5120-017	257,126.00	7/1/13-6/30/14	$	$	$ 257,126.00	$ (257,126.00)	$	$	$	$	$ 257,126.00
				$	$	$ 257,126.00	$ (257,126.00)	$	$	$	$	$ 257,126.00
Enterprise Fund:												
National School Lunch Program (State Share)	14-100-010-3360-067	7,689.27	7/1/13-6/30/14	$	$	$ 7,092.15	$ (7,689.27)	$	$ (597.12)	$	$	$
National School Lunch Program (State Share)	13-100-010-3360-067	7,851.82	7/1/12-6/30/13	(1,041.04)		1,041.04						
				$ (1,041.04)	$	$ 8,133.19	$ (7,689.27)	$	$ (597.12)	$	$	$
Total State Financial Assistance Subject to OMB 04-04				$ (980,262.21)	$ 31,006.28	$ 7,220,950.32	$ (7,175,905.95)	$ 317,636.75	$ (622,975.90)	$ 36,401.09	$ (997,725.78)	$ 9,851,929.90
On Behalf TPAF Contributions Not Subject to OMB 04-04:												
On-behalf TPAF Pension Contribution						$ 1,285,170.00	$ (1,285,170.00)					
On-behalf TPAF non-contributory insurance						113,437.00	(113,437.00)					
On-behalf TPAF post retirement medical						2,293,189.00	(2,293,189.00)					
						$ 10,912,746.32	$ (10,867,701.95)					

See accompanying notes to schedules of financial assistance.

EXHIBIT "K-5"

Township of Montgomery School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2014

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Township of Montgomery School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financials assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of one or more 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 GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($1,642.00) for the general fund and $-0- for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund		$10,552,184.77	$10,552,184.77
Special Revenue Fund	$1,021,256.03	49,059.91	1,070,315.94
Capital Projects Fund		(347,001.03)	(347,001.03)
Debt Service Fund		257,126.00	257,126.00
Food Service Fund	156,310.85	7,689.27	164,000.12
Total Awards & Financial Assistance	$1,177,566.88	$10,519,058.92	$11,696,625.80

NOTE 4: 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 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2014. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2014.

EXHIBIT "K-6"

Township of Montgomery School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Section I – Summary of Auditor's Results

Financial Statements

(1)	Type of Auditor's Report Issued:	Unmodified
(2)	Internal Control Over Financial Reporting:	
	(a) Material weakness identified?	No
	(b) Significant deficiencies identified that are not considered to be material weaknesses?	No
(3)	Noncompliance material to basic financial statements noted?	No

Federal Program(s)

(1)	Internal Control Over Major Federal Programs:	
	(a) Material weakness identified?	No
	(a) Significant deficiencies identified that are not considered to be material weaknesses?	No
(2)	Type of Auditor's Report issued on compliance for major federal program(s)?	Unmodified
(3)	Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular OMB A-133?	None Reported

(4) Identification of Major Federal Program(s):

Program	CFDA
I.D.E.A. Part B Basic	84.027
I.D.E.A. Part B Preschool	84.173

Township of Montgomery School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Section I – Summary of Auditor's Results (Continued)

Federal Program(s) Continued)

(5) Program Threshold Determination:
Type A Federal Program Threshold > $300,000.00
Type B Federal Program Threshold <= $300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

State Program(s)

(1) Internal Control Over Major State Programs:

(a) Material weakness identified? No

(b) Significant deficiencies identified that are not considered to be material weaknesses? None Reported

(2) Type of Auditor's Report issued on compliance for major state program(s)? Unmodified

(3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? No

(4) Identification of Major State Program(s):

Program	Grant Number
Reimbursed TPAF Social Security Costs	14-495-034-5095-002
Debt Service Aid	14-495-034-5120-017

Township of Montgomery School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Section I – Summary of Auditor's Results (Continued)

State Program(s) Continued)

(5) Program Threshold Determination:
Type A State Program Threshold > $300,000.00
Type B State Program Threshold <= $300,000.00

(6) Auditee qualified as a low-risk auditee under NJ OMB Circular 04-04? Yes

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

EXHIBIT "K-7"

Township of Montgomery School District

Schedule of Prior Year Audit Findings

There were no prior year findings.