

**SCHOOL DISTRICT OF
MILLSTONE TOWNSHIP**

MILLSTONE BOARD OF EDUCATION
Millstone Township, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MILLSTONE TOWNSHIP SCHOOL DISTRICT

MILLSTONE TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by

**Millstone Township School District
Business Administrator's Office**

OUTLINE OF CAFR - GASB #34

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INTRODUCTORY SECTION

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Millstone Township School District

5 Dawson Court, Millstone Township, NJ08535

Scott T. Feder
Superintendent of Schools
Phone: 732-786-0950 X51010
e-mail: sfeder@millstone.k12.nj.us



Bernard Biesiada
Business Administrator/Board Secretary
Phone: 732-786-0950 X51002
e-mail: bbiesiada@millstone.k12.nj.us

December 10, 2015

Honorable President and
Members of the Board of Education
Millstone Township School District
County of Monmouth, NJ

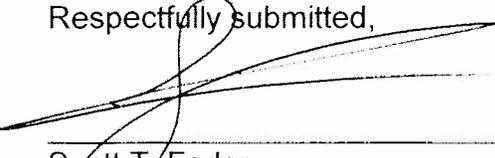
Dear Board Members,

The comprehensive annual financial report of the Millstone Township School District ("District") for the fiscal year ended on June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Millstone Township Board of Education ("Board"). To the best of our knowledge and belief, the data presented in the report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections; introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the district's organizational chart, a roster of the principal officials and a list of consultants and advisors. The financial section includes the district-wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04 and/or 15-08, 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.

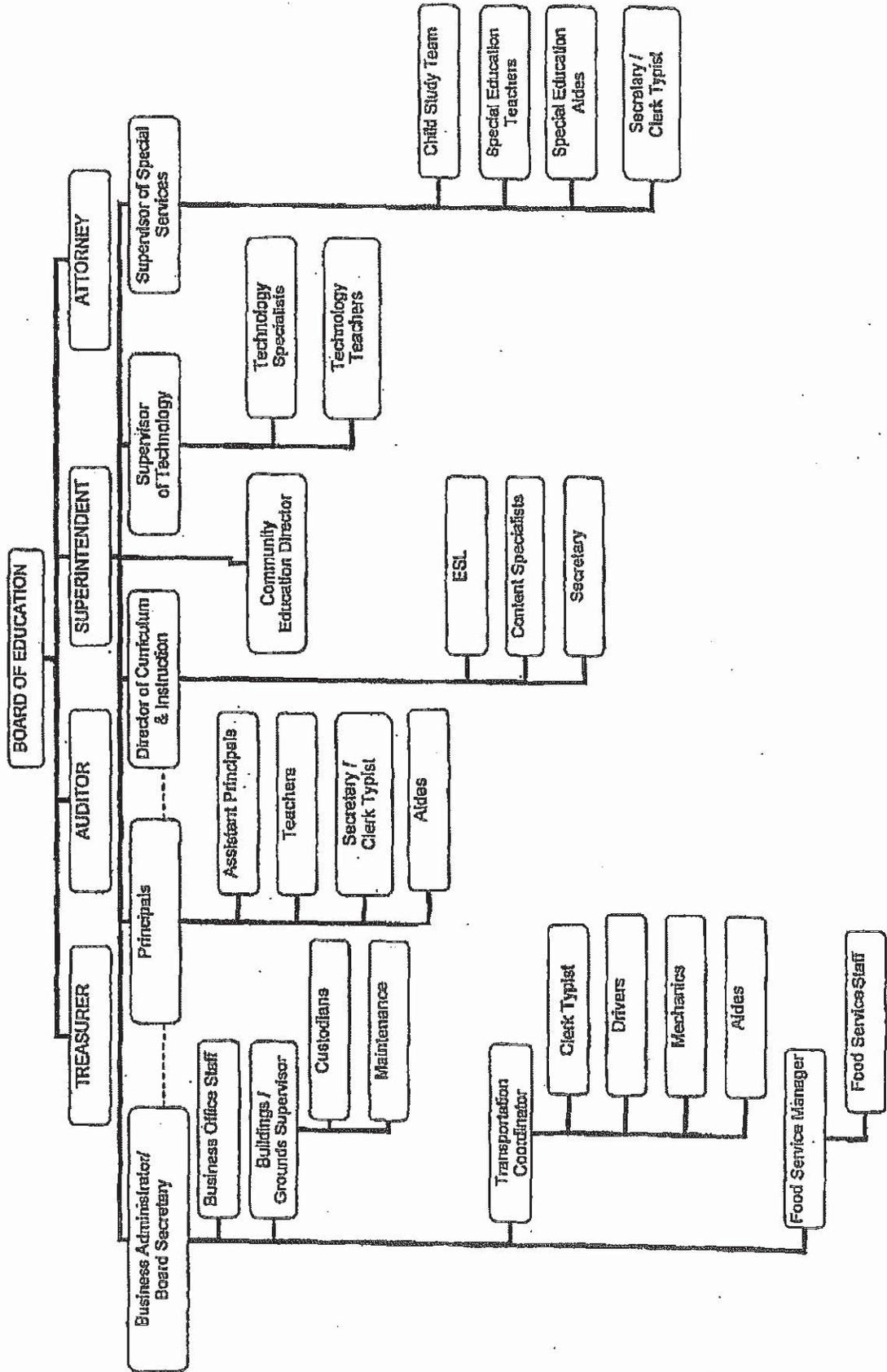
Respectfully submitted,


Scott T. Feder
Superintendent of Schools


Bernard Biesiada
Business Administrator/Board Secretary

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MILLSTONE TOWNSHIP SCHOOL DISTRICT
ORGANIZATION CHART



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MILLSTONE TOWNSHIP SCHOOL DISTRICT
5 Dawson Court
Millstone Township, New Jersey 08535

ROSTER OF OFFICIALS

JUNE 30, 2015

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Margaret Gordon, President	2016
John Saxton, Vice President	2017
Cindy Bailey	2017
Ramon Recalde	2015
Amy Jacobson	2015
Kevin McGovern	2016
Melissa Riviello	2017
David DePinho	2016
Neil Schloss	2015

OTHER OFFICIALS

Scott Feder, Superintendent of Schools

Bernard S. Biesiada, Business Administrator/Board Secretary

Karen Barry, Director of Curriculum and Instruction

Maria Bandola, Administrative Assistant to Superintendent

Edward DeBevec, Treasurer of School Monies

Bruce Padula, Solicitor

MILLSTONE TOWNSHIP SCHOOL DISTRICT

**5 Dawson Court
Millstone Township, New Jersey 08535**

CONSULTANTS AND ADVISORS

ATTORNEY

Cleary, Giacobe, Alfieri, Jacobs LLC
5 Ravine Drive
P.O. Box 533
Matawan, New Jersey 07747

AUDIT FIRM

Rodney R. Haines, CPA, PSA
Holman Frenia Allison, P. C.
680 Hooper Ave, Suite 2, Bldg B
Toms River, New Jersey 08753

OFFICIAL DEPOSITORY

PNC Bank
591 Route 33 & Millstone Road
Englishtown, New Jersey 07726

FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Millstone Township School District
County of Monmouth
Millstone Township, New Jersey 08535

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 Millstone Township School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2015, 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; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Millstone Township School District, County of Monmouth, State of New Jersey, as of June 30, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplemental information as listed in the table of contents 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 Millstone Township School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedule of Expenditures of State Financial Assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular(s) 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and the Schedule of Expenditures of State Financial Assistance are the responsibility of management and were 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedule of Expenditures of State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015 on our consideration of the Millstone Township 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 Millstone Township School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

December 10, 2015
Toms River, New Jersey

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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MILLSTONE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the year ended June 30, 2015

UNAUDITED

The following discussion and analysis of the Board of Education of the Millstone Township School District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2015. Please read it in conjunction with the letter of transmittal, beginning on page 1, and the financial statements, which begin on page 23.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic Financial Statements. The District's basic Financial Statements comprise three components: (1.) Government-wide Financial Statements, (2.) Fund Financial Statements, and (3.) Notes to the Financial Statements. This report contains required supplementary information and other supplementary information in addition to the basic Financial Statements themselves.

As described in Note 20 to the financial statements, "Prior Period Adjustment/Restatement of Net Position", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of (\$6,964,815) as indicated in Note 20 to the financial statements. Prior year balances reflected in MD&A have been updated, for comparison purposes, to reflect the change where indicated.

Government-Wide Financial Statements - The Government-Wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business.

The Statement of Net Position (A-1) presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between them reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities (A-2) presents information showing how the Net Position of the District changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements - A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary or fiduciary.

Governmental Funds - are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar statements. By so doing, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual government funds: the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. All are considered to be major funds. The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds- The District maintains one proprietary fund, an Enterprise Fund. The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing the goods or services be financed through user charges. Included in the Enterprise Fund are the Food Services, Community Education and Performing Arts Center. The basic Proprietary Fund statements can be found as Exhibits B-4 through B-6.

Fiduciary Funds- are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the District's own programs. The District uses trust and Agency Funds to account for resources held for student activities and groups and for payroll transactions. The basic Fiduciary Fund Statements can be found as Exhibit B-7.

Notes to the Financial Statements - The notes provide additional information that is essential for a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the Financial Statements can be found after the Fund Statements in this report.

Government-Wide Financial Analysis - As noted earlier, Net Position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of Net Position at June 30:

	2015		
	Governmental Activities	Business-Type Activities	Total
Current & Other Assets	\$ 3,230,359	\$ 167,490	\$ 3,397,849
Capital Assets, net	<u>41,415,006</u>	<u>207,815</u>	<u>41,622,821</u>
Total Assets	<u>44,645,365</u>	<u>375,305</u>	<u>45,020,670</u>
Deferred Outflows Related to Pensions	530,838	-	530,838
Deferred Charge on Refunding of Debt	<u>1,667,862</u>	<u>-</u>	<u>1,667,862</u>
Total Assets & Deferred Outflow of Resources	<u>46,313,227</u>	<u>375,305</u>	<u>46,688,532</u>
Long-Term Liabilities Outstanding	40,997,776	-	40,997,776
Other Liabilities	<u>1,413,060</u>	<u>26,835</u>	<u>1,439,895</u>
Total Liabilities	<u>42,410,836</u>	<u>26,835</u>	<u>42,437,671</u>
Deferred Inflows Related to Pensions	<u>530,838</u>	<u>-</u>	<u>530,838</u>
Total Liabilities and Deferred Inflows of Resources	<u>42,869,597</u>	<u>26,835</u>	<u>42,896,432</u>
Net Position:			

Net Investment in Capital Assets	9,090,208	207,815	9,298,023
Restricted	1,370,868	-	1,370,868
Unrestricted	(7,017,446)	140,655	(6,876,791)
 Total Net Position	 \$ 3,443,630	 \$ 348,470	 \$ 3,792,100

Restricted net position represents resources that are subject to external restrictions on how they may be used. The Capital Project Fund has restricted funds of \$479,982 that are legally restricted to provide for the construction and renovations at the District's middle and elementary schools.

The District's investment in capital assets is shown net of any related debt used to acquire those assets.

Changes in Net Position

REVENUES	2015	2014
Charges for Services	\$ 677,379	\$ 1,761,520
Operating Grants & Contribution	4,885,644	606,047
Property Taxes	30,162,355	29,877,655
Grants & Entitlements	5,300,147	6,843,493
Other	671,299	690,381
Total Revenue	\$ 41,696,824	\$ 39,779,096
Expenses	2015	2014
Instruction		
Regular	\$ 6,496,896	\$ 6,086,322
Special Education	2,248,589	2,509,656
Other Special Instruction	485,500	496,942
Other Instruction	140,483	135,708
Support Services		
Tuition	9,696,349	8,873,937
Student & Instr. Related	2,193,900	2,003,743
School Admin. Services	1,177,982	987,754
Other Admin Services	724,282	735,807
Plant Oper & Maintenance	2,024,769	1,902,180
Central Services & Adm. Info.	404,934	427,204
Transportation	2,649,554	3,861,862
Unallocated Benefits	8,889,145	6,201,023
Debt Services		
Interest on Debt	1,483,355	1,565,345
Unallocated Depreciation	1,073,536	1,128,088
Other	(73,512)	(338,646)
 Total Government Activities	 \$ 39,615,762	 \$ 36,576,925
Business Type		
Community Education Program	83,535	76,976
Performing Arts Center	127,523	74,085
Food Service	484,115	525,312
Total	695,173	676,373
Total District Expense	\$ 40,310,935	\$ 37,253,298

Governmental Activities - Property taxes made up 73.57 percent of revenues for governmental activities for the year ended June 30, 2015. The District's total revenues and other financing sources were \$41,696,824 for the year ended June 30, 2015. Federal, state and local grants accounted for another 11.91 percent of revenue.

The total cost of all programs and services was \$40,310,935. Instruction expenses comprised approximately 23.66 percent of District expenses in 2015.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

Business Type Activities

Revenues for the District's business-type activities (food service and community school programs) were comprised of charges for services and federal and state reimbursements.

- Expenditures exceeded enterprise revenues by \$4,915.
- Charges for services represent 87 percent of revenue. This represents amounts paid by patrons for daily food services, community education programs and performing arts center revenue.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast and donated commodities was \$449,401.

General Fund Budgetary Highlights - The difference between the original budget and the final amended budget is comprised solely of the June 30, 2014 encumbrances, which 'roll-over' into the subsequent year's budget (2014-2015) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to realign the 2014-2015 budget.

Capital Assets - At June 30, 2015 the District had capital assets of \$41,622,821 a decrease of \$298,474 due primarily to 2014-2015 depreciation. This capital asset cost is comprised of: buildings - \$50,252,355 land \$931,317, machinery and equipment - \$3,506,525, and construction in progress \$ 2,918,439. These capital assets are shown net of accumulated depreciation of \$15,985,815 on Note 5 Capital Assets.

Economic Factors and Next Year's Budget - Due to the economic condition in the State of New Jersey, funding from the State for the current year remained at or slightly above the previous year. Any future increases based on the enrollment formula, originally formulated to allocate State Education Aid amongst districts, will be minimal. Future decreases in local revenue and State Education Aid will place additional burden on the taxpayers of Millstone Township.

Contacting the District's Financial Management - The District's Financial Report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report can be addressed to Mr. Bernard S. Biesiada, Business Administrator/Board Secretary, Millstone Township School District, 5 Dawson Court, Millstone, New Jersey 08535.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 2,515,653	\$ 137,294	\$ 2,652,947
Receivables, Net	636,010	16,573	652,583
Interfund Receivables	78,696	-	78,696
Inventory	-	13,623	13,623
Capital Assets, Non-Depreciable (Note 5)	3,849,757	-	3,849,757
Capital Assets, Depreciable (Note 5)	37,565,249	207,815	37,773,064
Total Assets	44,645,365	375,305	45,020,670
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	530,838	-	530,838
Deferred Charge on Refunding of Debt	1,137,024	-	1,137,024
Total Deferred Outflow of Resources	1,667,862	-	1,667,862
Total Assets and Deferred Outflow of Resources	46,313,227	375,305	46,688,532
LIABILITIES			
Accounts Payable	223,531	13,910	237,441
Interfunds Payable	44,565	-	44,565
Accrued Interest	651,563	-	651,563
Intergovernmental Payable	1,266	-	1,266
Unearned Revenue	173,805	12,925	186,730
Pensions Payable	318,330	-	318,330
Long-term obligations (Note 6):			
Due Within One Year	2,472,625	-	2,472,625
Due Beyond One Year	38,525,151	-	38,525,151
Total Liabilities	42,410,836	26,835	42,437,671
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	458,761	-	458,761
Total Deferred Inflow of Resources	458,761	-	458,761
Total Liabilities and Deferred Inflows of Resources	42,869,597	26,835	42,896,432
NET POSITION			
Net Investment in Capital Assets	9,090,208	207,815	9,298,023
Restricted For:			
Debt Service	(631,562)	-	(631,562)
Other Purposes	2,002,430	-	2,002,430
Unrestricted	(7,017,446)	140,655	(6,876,791)
Total Net Position	\$ 3,443,630	\$ 348,470	\$ 3,792,100

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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 6,496,896	\$ -	-	\$ (6,496,896)	\$ -	(6,496,896)
Special Education	2,248,589	-	377,911	(1,870,678)	-	(1,870,678)
Other Special Instruction	485,500	-	-	(485,500)	-	(485,500)
Other Instruction	140,483	-	-	(140,483)	-	(140,483)
Support Services & Undistributed Costs:						
Tuition	9,696,349	-	-	(9,696,349)	-	(9,696,349)
Student & Instruction Related Services	2,193,900	-	-	(2,193,900)	-	(2,193,900)
School Administrative Services	1,177,982	-	-	(1,177,982)	-	(1,177,982)
General & Business Administrative Services	464,172	-	-	(464,172)	-	(464,172)
Central Services	404,934	-	89,914	(315,020)	-	(315,020)
Administrative Information Technology	260,110	-	-	(260,110)	-	(260,110)
Plant Operations & Maintenance	2,024,769	-	-	(2,024,769)	-	(2,024,769)
Pupil Transportation	2,649,554	76,885	-	(2,572,669)	-	(2,572,669)
Unallocated Employee Benefits	8,889,145	-	4,328,144	(4,561,001)	-	(4,561,001)
Interest & Other Charges on Long-Term Debt	1,409,843	-	-	(1,409,843)	-	(1,409,843)
Unallocated Depreciation & Adjustments	1,073,536	-	-	(1,073,536)	-	(1,073,536)
Total Governmental Activities	39,615,762	76,885	4,795,969	(34,742,908)	-	(34,742,908)

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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Business-Type Activities:					
Community Education Program	83,535	71,668	-	-	(11,867)
Performing Arts Center	127,523	169,100	-	-	41,577
Food Service	484,115	359,726	89,675	-	(34,714)
Total Business-Type Activities	695,173	600,494	89,675	-	(5,004)
Total Primary Government	\$ 40,310,935	\$ 677,379	\$ 4,885,644	\$ (34,742,908)	\$ (34,747,912)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Including Debt Service				30,162,355	30,162,355
Federal & State Aid Not Restricted				5,300,147	5,300,147
Investment Earnings				-	89
Miscellaneous Income				671,210	671,210
Total General Revenues				36,133,712	36,133,801
Change In Net Position				1,390,804	(4,915)
Net Position - Beginning, as restated, see Note 20				2,052,826	353,385
Net Position - Ending				\$ 3,443,630	\$ 348,470
				\$	\$ 3,792,100

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

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B. Fund Financial Statements

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Governmental Funds

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Assets:					
Cash & Cash Equivalents	\$ 2,141,700	\$ 124,512	\$ 229,440	\$ 20,001	\$ 2,515,653
Interfund Receivable	34,131	-	44,565	-	78,696
Intergovernmental Receivable:					
State	320,660	-	205,977	-	526,637
Federal	-	27,011	-	-	27,011
Other Receivables	75,738	6,624	-	-	82,362
Total Assets	\$ 2,572,229	\$ 158,147	\$ 479,982	\$ 20,001	\$ 3,230,359
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 210,365	\$ 13,166	\$ -	\$ -	\$ 223,531
Intergovernmental Payable:					
State	-	1,001	-	-	1,001
Federal	-	265	-	-	265
Interfund Payables	44,565	-	-	-	44,565
Unearned Revenue	30,090	143,715	-	-	173,805
Total Liabilities	285,020	158,147	-	-	443,167
Fund Balances:					
Restricted for:					
Capital Reserve Account	201,093	-	-	-	201,093
Excess Surplus	549,190	-	-	-	549,190
Capital Projects Fund	-	-	479,982	-	479,982
Debt Service Fund	-	-	-	20,001	20,001
Excess Surplus Designated for Subsequent Year's Expenditures	1,093,472	-	-	-	1,093,472
Assigned to:					
Designated for Subsequent Year's Expenditures	90,848	-	-	-	90,848
Other Purposes	67,827	-	-	-	67,827
Unassigned:					
General Fund	284,779	-	-	-	284,779
Total Fund Balances	2,287,209	-	479,982	20,001	2,787,192
Total Liabilities & Fund Balances	\$ 2,572,229	\$ 158,147	\$ 479,982	\$ 20,001	

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

Deferred charge on refunding of debt is not recorded in the fund financials but is recorded on the government-wide financials.	(19,780)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$57,164,247 and the accumulated depreciation is \$15,749,241.	41,415,006
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	72,077
Accrued interest payable and PERS pension payable are not recorded in the fund financial Statements due to the fact that the payables are not due in the period.	(969,893)
Long-term liabilities, including net pension liability, bonds payable, compensated absences payable, bond premium and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Illustrative Note 6)	(39,840,972)
Net position of Governmental Activities	\$ 3,443,630

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

MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 26,660,666	\$ -	\$ -	\$ 3,501,689	\$ 30,162,355
Tuition	51,431	-	-	-	51,431
Transportation	76,885	-	-	-	76,885
Miscellaneous	514,127	105,652	-	-	619,779
Total Local Sources	27,303,109	105,652	-	3,501,689	30,910,450
State Sources	7,150,724	-	205,977	136,666	7,493,367
Federal Sources	-	362,173	-	-	362,173
Total Revenues	34,453,833	467,825	205,977	3,638,355	38,765,990
Expenditures:					
Current Expense:					
Regular Instruction	6,496,896	-	-	-	6,496,896
Special Education Instruction	1,870,678	377,911	-	-	2,248,589
Other Special Instruction	485,500	-	-	-	485,500
Other Instruction	140,483	-	-	-	140,483
Support Services & Undistributed Costs:					
Tuition	9,696,349	-	-	-	9,696,349
Student & Instruction Related Services	2,193,900	-	-	-	2,193,900
School Administrative Services	1,088,068	89,914	-	-	1,177,982
General & Business Administrative Services	464,172	-	-	-	464,172
Central Services	404,934	-	-	-	404,934
Administrative Information Technology	260,110	-	-	-	260,110
Plant Operations & Maintenance	2,024,769	-	-	-	2,024,769
Pupil Transportation	2,649,554	-	-	-	2,649,554
Employee Benefits	6,590,397	-	-	-	6,590,397
Capital Outlay	162,915	-	581,346	-	744,261
Debt Service:					
Principal	-	-	-	2,155,000	2,155,000
Interest & Other Charges	-	-	-	1,483,355	1,483,355
Total Expenditures	34,528,725	467,825	581,346	3,638,355	39,216,251
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(74,892)	-	(375,369)	-	(450,261)
Other Financing Sources/(Uses):					
Transfers In	-	-	375,369	-	375,369
Transfers Out	(375,369)	-	-	-	(375,369)
Total Other Financing Sources/(Uses)	(375,369)	-	375,369	-	-
Net Change in Fund Balance	(450,261)	-	-	-	(450,261)
Fund Balance - July 1	2,737,470	-	479,982	20,001	3,237,453
Fund Balance - June 30	\$ 2,287,209	\$ -	\$ 479,982	\$ 20,001	\$ 2,787,192

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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (450,261)

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 capital outlays exceeded depreciation in the period:

Depreciation Expense	(\$1,086,448)	
Adjustments & Deletions to Fixed Assets	12,912	
Capital Outlays	<u>744,261</u>	(329,275)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension Expense - PERS Contribution - 2015	313,770	
Unfunded TPAF Pension Expense	(2,240,576)	
State Share of Unfunded TPAF Pension Expense	2,240,576	
Pension Expense	<u>(353,204)</u>	(39,434)

Repayment of bond and capital lease principal is an expenditure in the governmental fund, but the repayment reduces long-term obligations in the statement of net position and is not reported in the statement of activities. 2,155,000

Loss on early extinguishments of debt, deferred issuance costs, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Amortization of Loss on Refunding	(160,463)	
Amortization of Original Issue Premium	<u>202,625</u>	42,162

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used/(paid). When the earned amount, exceeds the paid amount, the difference is a reduction in the reconciliation:

Prior Year	279,239	
Current Year	<u>(297,977)</u>	(18,738)

In the Statement of Activities, interest on long-term obligations is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition to the reconciliation. 31,350

Change in net position of Governmental Activities \$ 1,390,804

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

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Proprietary Funds

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	
Current Assets:				
Cash & Cash Equivalents	\$ 9,277	\$ 10,020	\$ 117,997	\$ 137,294
Intergovernmental Receivables	12,240	-	-	12,240
Other Receivables	-	-	4,333	4,333
Inventories	13,623	-	-	13,623
Total Current Assets	35,140	10,020	122,330	167,490
Noncurrent Assets:				
Furniture, Machinery & Equipment	382,122	-	62,267	444,389
Less: Accumulated Depreciation	(232,512)	-	(4,062)	(236,574)
Total Noncurrent Assets	149,610	-	58,205	207,815
Total Assets	184,750	10,020	180,535	375,305
LIABILITIES				
Accounts Payable	400	3,990	9,520	13,910
Unearned Revenue	12,925	-	-	12,925
Total Liabilities	13,325	3,990	9,520	26,835
NET POSITION				
Net Investment in Capital Assets	149,610	-	58,205	207,815
Unrestricted	21,815	6,030	112,810	140,655
Total Net Position	\$ 171,425	\$ 6,030	\$ 171,015	\$ 348,470

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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	
Operating Revenues:				
Local Revenues:				
Daily Sales - Reimbursable Programs	\$ 184,251	\$ -	\$ -	\$ 184,251
Total - Daily Sales - Reimbursable Programs	184,251	-	-	184,251
Daily Sales - Nonreimbursable Programs	163,963	-	-	163,963
Special Functions	11,512	-	-	11,512
Interest Revenue	14	-	75	89
Community Service Activities	-	71,668	169,100	240,768
Total Operating Revenue	359,740	71,668	169,175	600,583
Operating Expenses:				
Cost of Sales	183,339	-	-	183,339
Salaries	191,831	37,307	52,401	281,539
Support Services - Employee Benefits	35,256	2,854	3,921	42,031
Management Fees	23,172	-	-	23,172
Purchased Professional/Technical Services	1,530	36,883	35,559	73,972
Supplies & Materials	11,986	5,083	18,603	35,672
Depreciation	18,134	-	3,332	21,466
General Insurance	8,169	-	-	8,169
Office Expense	1,905	-	-	1,905
Travel	2,327	-	-	2,327
Miscellaneous Expenditures	6,466	1,408	13,707	21,581
Total Operating Expenses	484,115	83,535	127,523	695,173
Operating Income/(Loss)	(124,375)	(11,867)	41,652	(94,590)
Nonoperating Revenues:				
State Sources:				
State School Lunch Program	3,543	-	-	3,543
Federal Sources:				
National School Lunch Program	53,973	-	-	53,973
National School Performance Based Program	5,045	-	-	5,045
Special Milk Program	1,167	-	-	1,167
Food Distribution Program	25,947	-	-	25,947
Total Nonoperating Revenues/(Expenses)	89,675	-	-	89,675
Change in Net Position	(34,700)	(11,867)	41,652	(4,915)
Total Net Position - Beginning	206,125	17,897	129,363	353,385
Total Net Position - Ending	\$ 171,425	\$ 6,030	\$ 171,015	\$ 348,470

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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 362,930	\$ 71,668	\$ 169,100	\$ 603,698
Payments to Employees	(227,087)	(40,161)	(56,322)	(323,570)
Payments to Suppliers	(216,474)	(40,434)	(76,704)	(333,612)
Interest Earned	14	-	75	89
Net Cash Provided/(Used) by Operating Activities	(80,617)	(8,927)	36,149	(53,395)
Cash Flows From Capital Financing Activities:				
Purchase of Capital Assets	-	-	(45,067)	(45,067)
Net Cash Provided/(Used) by Capital Financing Activities	-	-	(45,067)	(45,067)
Cash Flows From Noncapital Financing Activities:				
State Sources	3,543	-	-	3,543
Federal Sources	60,185	-	-	60,185
Net Cash Provided by Noncapital Financing Activities	63,728	-	-	63,728
Net Increase/(Decrease) in Cash & Cash Equivalents	(16,889)	(8,927)	(8,918)	(34,734)
Cash & Cash Equivalents, July 1	26,166	18,947	126,915	172,028
Cash & Cash Equivalents, June 30	\$ 9,277	\$ 10,020	\$ 117,997	\$ 137,294

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (124,375)	\$ (11,867)	\$ 41,652	\$ (94,590)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	18,134	-	3,332	21,466
Food Distribution Program	25,947	-	-	25,947
Change in Assets & Liabilities:	-	-	-	-
Increase/(Decrease) in Receivables	1,099	-	-	1,099
Increase/(Decrease) in Inventory	(3,527)	-	-	(3,527)
(Decrease)/Increase in Accounts Payable	-	2,940	-	2,940
(Decrease)/Increase in Deferred Revenue	2,105	-	(8,835)	(6,730)
Net Cash Provided/(Used) by Operating Activities	\$ (80,617)	\$ (8,927)	\$ 36,149	\$ (53,395)

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

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Fiduciary Fund

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE TRUST		AGENCY		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITIES	PAYROLL FUND	
Cash & Cash Equivalents	\$ 6,964	\$ 24,203	\$ 38,339	\$ 727,485	\$ 796,991
Total Assets	6,964	24,203	38,339	727,485	796,991
LIABILITIES					
Interfunds Payable	-	7,407	-	26,724	34,131
Accounts Payable	-	3,937	-	102,090	106,027
Payable to Summer Teachers	-	-	-	598,671	598,671
Payable to Student Groups	-	-	38,339	-	38,339
Total Liabilities	-	11,344	38,339	727,485	777,168
NET POSITION					
Held in Trust for Unemployment Claims & Other Purposes	-	12,859	-	-	12,859
Reserved for Scholarships	6,964	-	-	-	6,964
Total Net Position	\$ 6,964	\$ 12,859	\$ -	\$ -	\$ 19,823

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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

ADDITIONS	PRIVATE PURPOSE		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	
Contributions:			
Plan Member	\$ -	\$ 31,409	\$ 31,409
Board Contribution	-	-	-
Total Contributions	-	31,409	31,409
Investment Earnings:			
Interest	2	8	10
Net Investment Earnings	2	8	10
Total Additions	2	31,417	31,419
DEDUCTIONS			
Quarterly Contribution Reports	-	32,486	32,486
Unemployment Claims	-	1,386	1,386
Scholarships Awarded	150	-	150
Total Deductions	150	33,872	34,022
Change in Net Position	(148)	(2,455)	(2,603)
Net Position - Beginning of the Year	7,112	15,314	22,426
Net Position - End of the Year	\$ 6,964	\$ 12,859	\$ 19,823

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

MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies

The financial statements of the Millstone Township School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Millstone Township School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include three schools located in Millstone Township. The Millstone Township School District has an approximate enrollment at June 30, 2015 of 1,177 students.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization’s board
- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2015.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (continued):

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (continued):

measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and 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 noninstructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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 the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (continued):

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

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. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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 revenue recognition of the last state aid payment 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 reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary

Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

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

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (continued):

depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Buildings	20-50 Years
Machinery and Equipment	5-10 Years
Improvements	10-20 Years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government 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, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (continued):

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – 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.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of the Statements requires the District to report as an asset and/or a liability its portion of the collective net pension's asset and liability of the New Jersey Public Employees' Retirement System (PERS). The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

Also included as a deferred outflow is the District contributions to the pension system subsequent to the measurement date.

Recently Issued and Adopted Accounting Pronouncements

The District has adopted and implemented all current standards of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2015.

GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (continued):

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

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

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2015 through the date of December 10, 2015, which is the date the financial statements were available to be issued.

Pensions Section

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 2: Cash and Cash Equivalents

The District is governed by the deposit limitations of New Jersey state law. The Deposits held at June 30, 2015, and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	\$ 3,429,937
Total Deposits	<u>\$ 3,429,937</u>
The District's Cash and Cash Equivalents are Reported as Follows:	
Government Activities	\$ 2,495,652
Business-Type Activities	137,294
Fiduciary Funds	<u>796,991</u>
Total Cash and Cash Equivalents	<u>\$ 3,429,937</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District’s bank balance of \$3,596,696 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000
Uninsured and uncollateralized	871,319
Collateralized in the District’s Name Under GUDPA	<u>2,475,377</u>
Total	<u>\$3,596,696</u>

Note 3: Capital Reserve Account

The Millstone Township Board of Education created their capital reserve account 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.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 3: Capital Reserve Account (continued)

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 or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-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.

The activity of the capital reserve for the June 30, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	442,445
Interest Earnings		-
Board Resolution		(66,403)
Budget Withdrawals for Capital Expenditures		(174,949)
		(174,949)
Ending Balance, June 30, 2015	\$	201,093

Note 4: Accounts Receivable

Accounts receivable at June 30, 2015 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District’s individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
State Aid	\$ 320,660	\$ -	\$ 205,977	\$ 686	\$ 527,323
Federal Aid	-	27,011	-	11,554	38,565
Other	75,738	6,624	-	4,333	86,695
					86,695
Total	\$ 396,398	\$ 33,635	\$ 205,977	\$ 16,573	\$ 652,583

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 5: Capital Assets

Governmental Activities:

	June 30, 2014	Additions	Deletions	June 30, 2015
<u>Non-Depreciable Assets</u>				
Land	\$ 931,317	\$ -	\$ -	\$ 931,317
Construction in Progress	2,918,439	-	-	2,918,439
Total Non-Depreciable Assets	3,849,756	-	-	3,849,756
<u>Depreciable Assets</u>				
Buildings & Building Improvements	49,550,165	702,190	-	50,252,355
Machinery & Equipment	3,007,153	54,983	-	3,062,136
Subtotal	56,407,074	757,173	-	57,164,247
Accumulated Depreciation	(14,662,793)	(1,086,448)	-	(15,749,241)
Total	\$ 41,744,281	\$ (329,275)	\$ -	\$ 41,415,006

Business-Type Activities:

	June 30, 2014	Additions	Deletions	June 30, 2015
<u>Depreciable Assets</u>				
Machinery & Equipment	\$ 392,122	\$ 52,267	\$ -	\$ 444,389
Subtotal	392,122	52,267	-	444,389
Accumulated Depreciation	(215,108)	(21,466)	-	(236,574)
Total	\$ 177,014	\$ 30,801	\$ -	\$ 207,815

Note 6: Long-Term Obligations

A. Long-Term Obligation Activity

During the fiscal year ended June 30, 2015 the following changes occurred in liabilities reported in the long-term debt:

	June 30, 2014	Accrued/ Increases	Retired/ Decreases	June 30, 2015	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 34,940,000	\$ -	\$ (2,155,000)	\$ 32,785,000	\$ 2,270,000
Add: Bond Premium*	1,359,429	-	(202,625)	1,156,804	202,625
Net Pension Liability	6,964,815	-	(206,820)	6,757,995	-
Compensated Absences	279,239	18,738	-	297,977	-
Total	\$ 43,543,483	\$ 18,738	\$ (2,564,445)	\$ 40,997,776	\$ 2,472,625

*Bond premiums, previously shown separately on the Statement of Net Position, are now part of General Obligation Bonds Payable.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 6: Long-Term Obligations (continued):

B. Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Principal and interest due on serial bonds outstanding is as follows:

Year Ending June 30,	Principal	Interest	Total
2016	2,270,000	1,395,245	3,665,245
2017	2,370,000	1,302,823	3,672,823
2018	2,465,000	1,196,879	3,661,879
2019	1,510,000	1,090,591	2,600,591
2020	1,895,000	1,006,079	2,901,079
2021-2025	10,225,000	3,637,100	13,862,100
2026-2030	10,065,000	1,526,179	11,591,179
2031	1,985,000	43,670	2,028,670
Total	\$ 32,785,000	\$ 11,198,565	\$ 43,983,565

C. Arbitrage Rebate

Earnings in excess of the yield on the debt issue are rebated to the Federal Government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to the District debt are not recorded in governmental funds. There is no recognition in the Balance sheet or Income Statement until rebatable amounts are due and payable to the Federal Government.

Governmental Activities:

	Issue Dates	Interest Rates	Dates of Maturity	Balance June 30, 2015
Bonds Payable	05/15/05	4.00-5.00%	03/15/15-18	\$ 1,450,000
	05/11/06	3.80-4.40%	07/15/14-30	9,475,000
	01/04/07	4.00%	07/15/14-26	9,720,000
	01/05/12	3.00-5.00%	07/15/14-21	<u>12,140,000</u>
Total Bonds				<u>\$ 32,785,000</u>

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 6: Long-Term Obligations (continued):

D. Bonds Authorized But Not Issued

As of June 30, 2015, the District had no authorized but not issued bonds.

E. Capital Leases Payable

As of June 30, 2015, the District had no capital leases payable outstanding.

F. Compensated Absences

Compensated Absences will be paid from the fund from which the employees' salaries are paid.

Note 7: Interfund Receivables, Payables and Transfers

The following interfund balances remained on the balance sheet at June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 34,131	\$ 44,565
Capital Projects Fund	44,565	-
Unemployment Trust Fund	-	7,407
Payroll Trust Fund	-	<u>26,724</u>
 Total	 <u>\$ 78,696</u>	 <u>\$ 78,696</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

Note 8: Inventory

Inventory recorded at June 30, 2015 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 8,314
Supplies	<u>5,309</u>
 Total	 <u>\$ 13,623</u>

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$ 313,770	100%	\$ -
6/30/2014	290,426	100%	-
6/30/2013	292,627	100%	-

Components of Net Pension Liability - At June 30, 2015, the District reported a liability of \$6,757,995 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .03610%, which was a decrease of .00035% from its proportion measured as of June 30, 2013.

Collective Balances at June 30, 2015 and June 30, 2014

	<u>6/30/2015</u> July 1, 2014	<u>6/30/2014</u> July 1, 2013
Acturial valuation date		
Deferred Outflows of Resources	\$ 530,838	\$ 313,770
Deferred Inflows of Resources	\$ 458,761	N/A
Net Pension Liability	\$ 6,757,995	\$ 6,964,815
District's portion of the Plan's total net pension Liability	0.03610%	0.03644%

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2015, the District recognized pension expense of \$353,204. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	212,508	-
Net difference between projected and actual earnings on pension plan investments	-	402,740
Changes in proportion and differences between District contributions and proportionate share of contributions	-	56,021
District contributions subsequent to the measurement date	318,330	-
Total	\$ 530,838	\$ 458,761

\$318,330 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>PERS</u>
2016	\$ (58,754)
2017	(58,754)
2018	(58,754)
2019	(58,754)
2020	(58,754)
Thereafter	47,517

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>PERS</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate - Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	100.00%	

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Discount Rate - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>4.39%</u>	<u>Current</u> <u>Discount</u> <u>Rate (5.39%)</u>	<u>1%</u> <u>Increase</u> <u>6.39%</u>
District's proportionate share of the net pension liability	\$ 8,501,787	\$ 6,757,995	\$ 5,293,652

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

The following represents the membership tiers for TPAF:

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

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

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Three-Year Trend Information for TPAF (Paid on behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$ 1,375,064	100%	\$ -
6/30/2014	1,076,316	100%	-
6/30/2013	1,262,473	100%	-

Teachers Pensions and Annuity Fund (TPAF) - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

	<u>TPAF</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

C. Defined Contribution Retirement Program (DCRP)

The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution.

Note 10: 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, 2015, there were 100,134 retirees receiving 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2014.

Note 11: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund their 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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 11: Risk Management (continued)

amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's private purpose trust fund for the current and previous two years:

Fiscal Year	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2014-2015	\$ 31,409	\$ 8	\$ 33,872	\$ 12,859
2013-2014	31,526	9	19,989	15,314
2012-2013	96,730	6	105,957	3,768

Note 12: Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Note 13: Economic Dependency

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

Note 14: Deferred Compensation

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

Lincoln Investment Planning	AXA/Equitable	VALIC
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Note 15: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note 15: Compensated Absences (continued)

The liability for vested compensated absences of the governmental fund types is recorded in the statement of Net Position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$297,977.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015 there was no liability for compensated absences in the proprietary fund types.

Note 16: Deficit Unrestricted Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$(631,562) at June 30, 2015. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of \$(7,017,446) existed as of June 30, 2015 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

Note 17: Fund Balance Disclosure

General Fund – of the \$2,287,209 General Fund fund balance at June 30, 2015, \$201,093 has been restricted for the Capital Reserve Account; \$1,093,472 is restricted for excess surplus designated for subsequent years expenditures; \$549,190 is restricted current year excess surplus; \$90,848 has been assigned to be designated for subsequent year's expenditures; \$67,827 has been assigned for other purposes; and \$284,779 is unassigned.

Capital Projects Fund – The fund balance of \$479,982 has been restricted for future Capital Projects.

Debt Service Fund – of the Debt Service Fund fund balance at June 30, 2015, \$20,001 is reserved in accordance with N.J.S.A 7F-41c(2).

Note 18: Transfers to Capital Outlay

During the year ending June 30, 2015, the district did not transfer funds to the capital outlay accounts.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 19: Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund 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 excess fund balance at June 30, 2015 is \$549,190.

Note 20: Prior Period Adjustment/Restatement of Net Position

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

	<u>Governmental Activities</u>
Net Position as previously reported at June 30, 2014	\$ 9,017,641
Prior period adjustment - Implementation of GASB 68:	
Net Pension Liability (measurement date as of June 30, 2013)	(6,964,815)
PERS Pension Payable (2015 district PERS Pension Contribution)	(313,770)
Deferred Outflows - district contributions made during fiscal year 2015	<u>313,770</u>
Total prior period adjustment	<u>(6,964,815)</u>
Net Position as restated, July 1, 2014	<u>\$ 2,052,826</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 26,660,666	\$ -	\$ 26,660,666	\$ 26,660,666	\$ -
Tuition from Other LEAs within the State	10-1320	24,000	-	24,000	51,431	27,431
Transportation Fees from Individuals	10-1410	25,000	(25,000)	-	-	-
Transportation Fees from Other LEA's	10-1420	-	-	-	9,201	9,201
Transportation Fees from Other Sources	10-1440	70,000	-	70,000	67,684	(2,316)
Rents and Royalties	10-1910	10,000	(10,000)	-	-	-
Unrestricted Miscellaneous	10-1990	411,000	35,000	446,000	514,127	68,127
Total Local Sources		27,200,666	-	27,200,666	27,303,109	102,443
State Sources:						
Extraordinary Aid	10-3131	200,000	-	200,000	246,322	46,322
Categorical Special Education Aid	10-3132	1,263,326	-	1,263,326	1,263,326	-
Equalization Aid	10-3176	2,349,161	-	2,349,161	2,349,161	-
Categorical Security Aid	10-3177	160,905	-	160,905	160,905	-
Categorical Transportation Aid	10-3121	634,121	-	634,121	634,121	-
Adjustment Aid	10-3178	339,326	-	339,326	339,326	-
Other State Aid	10-3190	36,210	-	36,210	36,210	-
Nonpublic Transportation Aid	10-3XXX	-	-	-	37,021	37,021
Nonbudgeted:						
On-Behalf TPAF Post Retirement Medical	10-3901	-	-	-	843,638	843,638
On-Behalf TPAF Pension Contribution	10-3901	-	-	-	531,426	531,426
Reimbursed TPAF Social Security	10-3902	-	-	-	712,504	712,504
Total State Sources		4,983,049	-	4,983,049	7,153,960	2,170,911
Total Revenues		32,183,715	-	32,183,715	34,457,069	2,273,354
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	75,256	47,939	123,195	123,195	-
Preschool Aides	11-105-100-106	-	49,273	49,273	49,273	-
Kindergarten	11-110-100-101	240,455	1,680	242,135	242,135	-
Grades 1 - 5	11-120-100-101	2,861,013	146,144	3,007,157	3,007,157	-
Aides Elementary	11-120-100-106	-	69,369	69,369	68,353	-
Grades 6 - 8	11-130-100-101	2,352,332	(11,000)	2,341,332	2,335,484	5,848
Home Instruction - Regular Programs:						
Salaries of Teachers	11-150-100-101	5,950	-	5,950	3,603	2,347
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	30,000	(7,678)	22,322	22,322	-
Purchased Professional Education Services	11-190-100-320	10,000	(4,000)	6,000	5,338	662
Purchased Technical Services	11-190-100-340	8,475	4,544	13,019	12,790	229
Other Purchased Services	11-190-100-500	102,950	(25,730)	77,220	72,585	4,635
Travel Expense	11-190-100-580	4,650	-	4,650	923	3,727
General Supplies	11-190-100-610	443,673	27,475	471,148	467,061	4,087
Textbooks	11-190-100-640	74,220	13,001	87,221	86,677	544
Total Regular Programs		6,208,974	311,017	6,519,991	6,496,896	22,079
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	206,303	(96,810)	109,493	109,119	374
Other Salaries for Instruction	11-204-100-106	144,450	(44,500)	99,950	97,571	2,379
General Supplies	11-204-100-610	6,672	(962)	5,710	2,148	3,562
Total Learning &/or Language Disabilities		357,425	(142,272)	215,153	208,838	6,315

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	60,625	148	60,773	60,773	-
Other Salaries for Instruction	11-212-100-106	32,792	-	32,792	32,792	-
General Supplies	11-212-100-610	1,183	(177)	1,006	607	399
Total Multiple Disabilities		94,600	(29)	94,571	94,172	399
Resource Room / Resource Center:						
Salaries of Teachers	11-213-100-101	1,298,790	21,769	1,320,559	1,320,559	-
Other Salaries for Instruction	11-213-100-106	69,425	30,332	99,757	99,757	-
General Supplies	11-213-100-610	27,155	-	27,155	20,863	6,292
Total Resource Room/Resource Center		1,395,370	52,101	1,447,471	1,441,179	6,292
Autism:						
Salaries of Teachers	11-214-100-101	63,175	(500)	62,675	57,206	5,469
Other Salaries for Instruction	11-214-100-106	34,107	-	34,107	33,766	341
General Supplies	11-214-100-610	1,608	726	2,334	2,049	285
Total Autism		98,890	226	99,116	93,021	6,095
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	4,000	-	4,000	3,049	951
Other Salaries of Instruction	11-215-100-106	21,271	12,100	33,371	29,994	3,377
General Supplies	11-215-100-610	500	-	500	-	500
Textbooks	11-215-100-640	-	425	425	425	-
Total Preschool Disabilities - Part-Time		25,771	12,525	38,296	33,468	4,828
Total Special Education		1,972,056	(77,449)	1,894,607	1,870,678	23,929
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	438,419	40,000	478,419	444,659	33,760
Total Basic Skills/Remedial - Instruction		438,419	40,000	478,419	444,659	33,760
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	40,481	360	40,841	40,841	-
Total Bilingual Education - Instruction		40,481	360	40,841	40,841	-
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	38,000	4,315	42,315	42,315	-
Other Objects	11-401-100-800	5,000	(348)	4,652	1,534	3,118
Total School Sponsored Cocurricular - Activities		43,000	3,967	46,967	43,849	3,118
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	68,000	214	68,214	68,214	-
Other Purchased Services	11-402-100-500	13,320	-	13,320	7,775	5,545
Supplies and Materials	11-402-100-600	23,200	192	23,392	20,645	2,747
Total School Sponsored Athletics - Instruction		104,520	406	104,926	96,634	8,292
Total - Instruction		8,807,450	278,301	9,085,751	8,993,557	91,178

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEAs Within State Regular	11-000-100-561	7,683,502	20,800	7,704,302	7,704,302	-
Tuition to Other LEAs Within State Special	11-000-100-562	645,344	-	645,344	637,896	7,448
Tuition to County Vocational School District - Regular	11-000-100-563	254,670	(35,500)	219,170	217,560	1,610
Tuition to County Vocational School District - Special	11-000-100-564	16,500	-	16,500	8,880	7,620
Tuition to CSSD & Regional Day School	11-000-100-565	269,595	27,434	297,029	291,807	5,222
Tuition to Private Schools for Disabled Within the State	11-000-100-566	437,132	329,067	766,199	759,936	6,263
Tuition Other	11-000-100-569	80,834	-	80,834	75,968	4,866
Total Undistributed Expenditures - Instruction		9,387,577	341,801	9,729,378	9,696,349	33,029
Attendance & Social Work Services:						
Salaries	11-000-211-100	-	1,591	1,591	1,591	-
Total Attendance & Social Work Services		-	1,591	1,591	1,591	-
Health Services:						
Salaries	11-000-213-100	196,210	3,000	199,210	198,820	390
Purchased Professional & Technical Services	11-000-213-300	52,000	(10,372)	41,628	41,628	-
Other Purchased Services	11-000-213-500	505	85	590	135	455
Supplies and Materials	11-000-213-600	7,290	(1,131)	6,159	5,409	750
Other Objects	11-000-213-800	400	118	518	171	347
Total Health Services		256,405	(8,300)	248,105	246,163	1,942
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	347,897	-	347,897	340,165	7,732
Purchased Professional - Educational Services	11-000-216-320	135,175	399	135,574	127,626	7,948
Supplies and Materials	11-000-216-600	13,619	7,169	20,788	16,675	4,113
Total Other Support Services - Students - Related Services		496,691	7,568	504,259	484,466	19,793
Other Support Services - Students - Extraordinary Services:						
Purchased Professional & Educational Services	11-000-217-320	28,806	202,671	231,477	230,039	1,438
Supplies and Materials	11-000-217-600	3,500	134	3,634	3,063	571
Total Other Support Services - Students - Extraordinary Services		32,306	202,805	235,111	233,102	2,009
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	256,480	8,437	264,917	247,060	17,857
Supplies and Materials	11-000-218-600	10,865	(9,728)	1,137	159	978
Total Other Support Services - Students - Regular		267,345	(1,291)	266,054	247,219	18,835

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	328,982	(1,302)	327,680	327,680	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	61,214	(13,278)	47,936	47,936	-
Other Salaries	11-000-219-110	2,000	(2,000)	-	-	-
Travel Expenditures	11-000-219-580	1,950	82	2,032	1,733	299
Miscellaneous Purchased Services	11-000-219-592	17,200	3,444	20,644	19,883	761
Supplies and Materials	11-000-219-600	15,654	1,560	17,214	12,886	4,328
Other Objects	11-000-219-890	425	1,295	1,720	1,720	-
Total Other Support Services - Students - Special Services		427,425	(10,199)	417,226	411,838	5,388
Improvement of Instruction Services:						
Salaries of Supervisors of Instruction	11-000-221-102	42,573	(40,799)	1,774	1,774	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	45,506	(13,611)	31,895	26,625	5,270
Other Purchased Services	11-000-221-500	7,970	(1,676)	6,294	6,050	244
Supplies and Materials	11-000-221-600	5,000	2,412	7,412	7,412	-
Other Objects	11-000-221-800	4,850	349	5,199	5,199	-
Total Improvement of Instruction Services		105,899	(53,325)	52,574	47,060	5,514
Educational Media Services/School Library:						
Salaries	11-000-222-100	135,883	11,137	147,020	147,020	-
Salaries of Technology Coordinators	11-000-222-177	150,140	(50,050)	100,090	100,090	-
Other Purchased Services	11-000-222-500	3,500	-	3,500	2,405	1,095
Supplies and Materials	11-000-222-600	25,050	19	25,069	23,773	1,296
Other Objects	11-000-222-800	2,410	-	2,410	2,399	11
Total Educational Media Services/School Library		316,983	(38,894)	278,089	275,687	2,402
Instructional Staff Training Services:						
Salaries of Supervisors of Instr.	11-000-223-102	143,829	(9,884)	133,945	125,083	8,862
Salaries of Other Professional Staff	11-000-223-104	80,918	(18,000)	62,918	61,398	1,520
Purchased Professional & Educational Services	11-000-223-320	27,800	29,970	57,770	46,085	11,685
Other Purchased Services	11-000-223-500	23,150	(8,941)	14,209	14,208	1
Total Instructional Staff Training Services		275,697	(6,855)	268,842	246,774	22,068
Support Services General Administration:						
Salaries	11-000-230-100	252,191	-	252,191	246,502	5,689
Legal Services	11-000-230-331	30,000	4,000	34,000	23,572	10,428
Other Purchased Professional Services	11-000-230-339	40,000	48,374	88,374	88,374	-
Communications/Telephone	11-000-230-530	69,100	(30,092)	39,008	35,504	3,504
Travel	11-000-230-585	4,000	(2,000)	2,000	-	2,000
Other Purchased Services (400-500)	11-000-230-590	13,000	30,912	43,912	42,199	1,713
Supplies and Materials	11-000-230-600	1,700	1,744	3,444	3,340	104
General Supplies	11-000-230-610	3,000	(171)	2,829	2,808	21
Miscellaneous Expenditures	11-000-230-890	32,800	(9,668)	23,132	21,873	1,259
Total Support Services General Administration		445,791	43,099	488,890	464,172	24,718

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	564,406	125,449	689,855	689,855	-
Salaries of Other Professional Staff	11-000-240-104	136,566	2,300	138,866	138,866	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	197,057	33,289	230,346	218,865	11,481
Purchased Professional & Technical Services	11-000-240-300	-	2,790	2,790	2,790	-
Other Purchased Services						-
Other Purchased Services (400-500)	11-000-240-500	20,271	(3,000)	17,271	13,518	3,753
Supplies and Materials	11-000-240-600	17,800	2,143	19,943	9,317	10,626
Other Objects	11-000-240-800	15,100	140	15,240	14,857	383
Total Support Services School Administration		951,200	163,111	1,114,311	1,088,068	2,875,238
Central Services:						
Salaries	11-000-251-100	309,470	36,973	346,443	346,443	-
Purchased Professional Services	11-000-251-330	28,000	(1,095)	26,905	26,905	-
Other Purchased Services	11-000-251-500	3,800	593	4,393	4,393	-
Travel	11-000-251-580	2,200	(492)	1,708	1,444	264
Miscellaneous Purchased Services	11-000-251-592	15,000	2,870	17,870	17,870	-
Supplies and Materials	11-000-251-600	5,500	854	6,354	6,173	181
Miscellaneous Expenditures	11-000-251-890	16,500	(8,250)	8,250	1,706	6,544
Total Central Services		380,470	31,453	411,923	404,934	6,989
Administration Information Technology:						
Salaries	11-000-252-100	106,836	2,703	109,539	109,539	-
Purchased Technical Services	11-000-252-340	73,000	18,622	91,622	91,515	107
Other Purchased Services (400-500)	11-000-252-500	57,500	(7,371)	50,129	50,129	-
General Supplies	11-000-252-600	-	8,120	8,120	8,027	93
Other Objects	11-000-252-800	-	900	900	900	-
Total Administration Information Technology		237,336	22,974	260,310	260,110	200
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	279,900	(21,427)	258,473	241,062	17,411
Cleaning, Repair & Maintenance Services	11-000-261-420	210,425	82,127	292,552	261,393	31,159
General Supplies	11-000-261-610	66,821	(20,522)	46,299	45,171	1,128
Required Maintenance Update	11-000-261-XXX	-	1,142	1,142	1,142	-
Total Required Maintenance for School Facilities		557,146	41,320	598,466	548,768	49,698
Other Operation & Maintenance of Plant:						
Salaries	11-000-262-100	699,394	(30,000)	669,394	668,789	605
Salaries of Non-Instructional Aides	11-000-262-107	5,264	35,045	40,309	40,309	-
Purchased Professional & Technical Services	11-000-262-300	169,000	(128,345)	40,655	19,793	20,862
Insurance	11-000-262-520	100,000	4,075	104,075	104,075	-
General Supplies	11-000-262-610	108,600	25,197	133,797	115,203	18,594
Energy (Heat & Electricity)	11-000-262-620	534,900	18,044	552,944	504,571	48,373
Other Objects	11-000-262-800	16,500	9,482	25,982	23,261	2,721
Total Other Operation & Maintenance of Plant		1,633,658	(66,502)	1,567,156	1,476,001	91,155

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Student Transportation Services:						
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	459,977	(57,594)	402,383	402,383	-
Salaries for Pupil Transportation (Between Home & School) - Special Ed.	11-000-270-161	11,434	238	11,672	11,672	-
Salaries for Pupil Transportation (Between Home & School) - Nonpublic School	11-000-270-163	2,000	-	2,000	-	2,000
Other Purchased Professional & Technical Services	11-000-270-390	2,000	3,000	5,000	4,065	935
Cleaning, Repair & Maintenance Services	11-000-270-420	12,000	29,905	41,905	33,001	8,904
Contracted Services (Regular Education Routes) - Vendors	11-000-270-511	1,350,000	(75,000)	1,275,000	1,240,655	34,345
Contracted Services (Between Home & School) - Joint Agreements	11-000-270-512	500	-	500	-	500
Contracted Services (Special Education Students) - Vendors	11-000-270-514	945,000	(170,020)	774,980	759,802	15,178
Contracted Services (Special Education of Payments) - Nonpublic Sch.	11-000-270-503	66,300	(6,000)	60,300	54,051	6,249
Miscellaneous Purchased Services - Transportation	11-000-270-593	5,500	2,547	8,047	7,557	490
Supplies and Materials	11-000-270-600	208,500	(69,403)	139,097	132,956	6,141
Other Objects	11-000-270-800	3,500	130	3,630	3,412	218
Total Student Transportation Services		3,066,711	(342,197)	2,724,514	2,649,554	74,960
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	360,000	(100,000)	260,000	257,658	2,342
Other Retirement Contributions - Regular	11-000-291-241	350,000	(35,000)	315,000	313,988	1,012
Unemployment Compensation	11-000-291-250	125,000	(125,000)	-	-	-
Workmen's Compensation	11-000-291-260	160,000	(30,000)	130,000	128,179	1,821
Health Benefits	11-000-291-270	3,952,745	(130,588)	3,822,157	3,773,815	48,342
Tuition Reimbursements	11-000-291-280	65,000	(23,000)	42,000	27,884	14,116
Other Employee Benefits	11-000-291-290	15,000	(13,000)	2,000	1,305	695
Total Unallocated Benefits		5,027,745	(456,588)	4,571,157	4,502,829	68,328
Nonbudgeted:						
On-Behalf Post Retirement Medical		-	-	-	843,638	(843,638)
On-Behalf TPAF Pension Contribution		-	-	-	531,426	(531,426)
Reimbursed TPAF Social Security		-	-	-	712,504	(712,504)
Total Undistributed Expenditures		23,866,385	(128,429)	23,737,956	25,372,253	1,214,698
Total Expenditures - Current Expense		32,673,835	149,872	32,823,707	34,365,810	1,305,876
Capital Outlay:						
Interest Deposit to Capital Reserve						
Equipment:						
Middle School	12-000-260-730	-	16,113	16,113	16,113	-
Special Services Instruction	12-000-260-730	-	5,218	5,218	5,218	-
Undistributed Expenditures:						
Operation & Maintenance of Plant Services	12-000-260-730	-	6,000	6,000	6,000	-
Total Equipment & Interest Deposit		-	27,331	27,331	27,331	-

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Facilities Acquisition & Construction Services:						
Construction	12-000-400-450	12,630	80,000	92,630	75,750	16,880
Other Objects	12-000-400-800	59,834	-	59,834	59,834	-
Total Facilities Acquisition & Construction Services		<u>72,464</u>	<u>80,000</u>	<u>152,464</u>	<u>135,584</u>	<u>16,880</u>
Total Capital Outlay		<u>72,464</u>	<u>107,331</u>	<u>179,795</u>	<u>162,915</u>	<u>16,880</u>
Total Expenditures		<u>32,746,299</u>	<u>257,203</u>	<u>33,003,502</u>	<u>34,528,725</u>	<u>1,322,756</u>
Other Financing Sources/(Uses):						
Contribution from Enterprise Fund	10-5200	50,000	-	50,000	-	(50,000)
Capital Reserve - Transfer to Capital Projects		(174,949)	(66,403)	(241,352)	(241,352)	-
Capital Outlay - Transfer to Capital Projects		(134,017)	-	(134,017)	(134,017)	-
Total Other Financing Sources /(Uses)		<u>(258,966)</u>	<u>(66,403)</u>	<u>(325,369)</u>	<u>(375,369)</u>	<u>(50,000)</u>
Total Expenditures & Other Financing Sources/(Uses)		<u>33,005,265</u>	<u>323,606</u>	<u>33,328,871</u>	<u>34,904,094</u>	<u>1,272,756</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses						
		(821,550)	(323,606)	(1,145,156)	(447,025)	698,131
Fund Balances, July 1		<u>3,189,129</u>	<u>-</u>	<u>3,189,129</u>	<u>3,189,129</u>	<u>-</u>
Fund Balances, June 30		<u>\$ 2,367,579</u>	<u>\$ (323,606)</u>	<u>\$ 2,043,973</u>	<u>\$ 2,742,104</u>	<u>\$ 698,131</u>

RECAPITULATION OF BUDGET TRANSFERS

Prior Year-end Encumbrances	\$ 257,203
Transfer from Capital Reserve to Capital Projects	<u>66,403</u>
Total Budget Transfers	<u>\$ 323,606</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 201,093
Excess Surplus	551,871
Excess Surplus Designated for Subsequent Year's Expenditures	1,093,472
Assigned Fund Balance:	
Year-end Encumbrances	67,827
Designated for Subsequent Year's Expenditures	90,848
Unassigned Fund Balance	<u>736,993</u>
Total - Budgetary Basis	2,742,104
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(454,895)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$ 2,287,209</u>

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2015**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Local Sources	\$ -	\$ 102,316	\$ 102,316	\$ 102,316	\$ -
Federal Sources	325,318	36,855	362,173	362,173	-
Total Revenues	<u>325,318</u>	<u>139,171</u>	<u>464,489</u>	<u>464,489</u>	<u>-</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	20,058	(4,767)	15,291	15,291	-
Salaries - Other Salaries of Instruction	-	13,100	13,100	13,100	-
Other Purchased Services (400-500 Series)	289,254	(2,099)	287,155	287,155	-
General Supplies	-	59,029	59,029	59,029	-
Total Instruction	<u>309,312</u>	<u>65,263</u>	<u>374,575</u>	<u>374,575</u>	<u>-</u>
Support Services:					
Salaries	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional - Educational Services	16,006	5,552	21,558	21,558	-
Other Purchased Services	-	2,866	2,866	2,866	-
Supplies & Materials	-	65,490	65,490	65,490	-
Total Support Services	<u>16,006</u>	<u>73,908</u>	<u>89,914</u>	<u>89,914</u>	<u>-</u>
Total Expenditures	<u>325,318</u>	<u>139,171</u>	<u>464,489</u>	<u>464,489</u>	<u>-</u>
Total Outflows	<u>325,318</u>	<u>139,171</u>	<u>464,489</u>	<u>464,489</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 34,457,069	\$ 464,489
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior	-	9,366
Current	-	(6,030)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		
	451,659	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		
	(454,895)	-
<hr/>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 34,453,833</u>	<u>\$ 467,825</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 34,528,725	\$ 464,489
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
	-	3,336
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 34,528,725</u>	<u>\$ 467,825</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.03610%	0.03644%	N/A							
District's proportionate share of the net pension liability (asset)	\$ 6,757,995	\$ 6,964,815	N/A							
District's covered-employee payroll	\$ 2,356,072	\$ 2,420,913	**N/A							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	286.83%	287.69%	N/A							
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%	N/A							

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

MILLSTONE TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 318,330	\$ 313,770	**N/A							
Contributions in relation to the contractually required contribution	318,330	313,770	**N/A							
Contribution deficiency (excess)	\$ -	\$ -	**N/A							
District's covered-employee payroll	\$ 2,356,072	\$ 2,420,913	**N/A							
Contributions as a percentage of covered-employee payroll	13.51%	12.96%	**N/A							

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.09639%	0.09170%	N/A							
State's proportionate share of the net pension liability (asset) associated with the District	\$ 51,515,206	\$ 46,342,788	N/A							
District's covered-employee payroll	\$ 9,541,518	\$ 9,442,952	**N/A							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%	**N/A							

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

Teachers Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	I.D.E.A. PART B BASIC	I.D.E.A. PART B BASIC CARRYOVER	I.D.E.A. PRESCHOOL	I.D.E.A. PRESCHOOL CARRYOVER	I.D.E.A. PRESCHOOL ARRA
Revenues:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-
Federal Source	286,734	421	588	12,512	16,752
Total Revenues	286,734	421	588	12,512	16,752
Expenditures:					
Instruction:					
Salaries of Teachers	-	-	-	-	-
Salaries of Aides	-	-	588	12,512	-
Purchased Technical Services	-	-	-	-	-
Other Purchased Services	-	421	-	-	-
Tuition	286,734	-	-	-	-
General Supplies	-	-	-	-	-
Total Instruction	286,734	421	588	12,512	-
Support Services:					
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional Educational Services	-	-	-	-	-
Other Purchased Services	-	-	-	-	-
Supplies & Materials	-	-	-	-	16,752
Total Support Services	-	-	-	-	16,752
Total Expenditures	\$ 286,734	\$ 421	\$ 588	\$ 12,512	\$ 16,752

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	TITLE I	TITLE I-A CARRYOVER	TITLE II-A	LOCAL GRANTS	TOTAL
Revenues:					
Local Sources	\$ -	\$ -	\$ -	\$ 102,316	\$ 102,316
State Sources	-	-	-	-	-
Federal Source	25,673	1,935	17,558	-	362,173
Total Revenues	25,673	1,935	17,558	102,316	464,489
Expenditures:					
Instruction:					
Salaries of Teachers	10,470	-	-	4,821	15,291
Salaries of Aides	-	-	-	-	13,100
Purchased Technical Services	-	-	-	-	-
Other Purchased Services	-	-	-	-	421
Tuition	-	-	-	-	286,734
General Supplies	11,203	1,935	-	45,891	59,029
Total Instruction	21,673	1,935	-	50,712	374,575
Support Services:					
Personal Services - Employee	-	-	-	-	-
Benefits	-	-	-	-	-
Purchased Professional	-	-	-	-	-
Educational Services	4,000	-	17,558	-	21,558
Other Purchased Services	-	-	-	2,866	2,866
Supplies & Materials	-	-	-	48,738	65,490
Total Support Services	4,000	-	17,558	51,604	89,914
Total Expenditures	\$ 25,673	\$ 1,935	\$ 17,558	\$ 102,316	\$ 464,489

F. Capital Projects Fund

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**MILLSTONE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

PROJECT TITLE/ISSUE	ORIGINAL DATE	ORIGINAL APPROPRIATIONS	EXPENDITURES TO DATE		PRIOR YEAR RECEIVABLES CANCELLED	UNEXPENDED BALANCE JUNE 30, 2015
			PRIOR YEARS	CURRENT YEAR		
New Middle School	5/24/04	\$ 37,817,245	\$ 37,624,208	\$ -	\$ -	\$ 193,037
Construction of Various Renovations to the Old Middle School	5/24/04	1,296,981	1,095,046	-	-	201,935
Construction of Various Renovations to the Elementary School	5/24/04	1,813,525	1,727,942	-	-	85,583
New Septic Project	1/6/14	581,346	-	581,346	-	-
Total		\$ 41,509,097	\$ 40,447,196	\$ 581,346	\$ -	\$ 480,555
						Unexpended Balance 480,555
						Authorization not Funded (573)
						Fund Balance (Exhibit B-2) \$ 479,982

**MILLSTONE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Revenues & Other Financing Sources:	
State Sources - SDA Grant	\$ 205,977
Bond Proceeds & Transfers	<u>375,369</u>
Total Revenues & Other Financing Sources	<u>581,346</u>
Expenditures & Other Financing Uses:	
Construction Services	<u>581,346</u>
Total Expenditures & Other Financing Uses	<u>581,346</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>
Fund Balance - Beginning	<u>479,982</u>
Fund Balance - Ending	<u><u>\$ 479,982</u></u>

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
NEW MIDDLE SCHOOL BUILDING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 5,329,038	\$ -	\$ 5,329,038	\$ 5,329,038
Bond Proceeds & Transfers	32,488,207	-	32,488,207	32,488,207
Total Reserve	37,817,245	-	37,817,245	37,817,245
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	3,020,701	-	3,020,701	2,678,708
Construction Services	32,481,856	-	32,481,856	31,867,509
Equipment Purchases	1,702,704	-	1,702,704	2,878,000
Miscellaneous	418,917	-	418,917	393,028
Cancellation of Prior Year Accounts Receivable	30	-	30	-
Total Expenditures & Other Financing Uses	37,624,208	-	37,624,208	37,817,245
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 193,037	\$ -	\$ 193,037	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/22/2004
Bond Authorization Date	6/29/2004
Bonds Authorized	\$32,416,902
Bonds Issued	\$32,416,902
Original Authorized Cost	\$37,745,940
Additional Authorized Cost	\$71,305
Revised Authorized Cost	\$37,817,245
Percentage Increase Over Original Authorized Cost	0.19%
Percentage Completion	99.49%
Original Target Completion Date	09/01/07
Revised Target Completion Date	09/01/07

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
RENOVATIONS AND REPAIRS TO OLD MILLSTONE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 564,074	\$ -	\$ 564,074	\$ 564,074
Bond Proceeds & Transfers	732,907	-	732,907	732,907
Total Reserve	1,296,981	-	1,296,981	1,296,981
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	201,268	-	201,268	248,000
Construction Services	876,865	-	876,865	1,003,362
Equipment Purchases	-	-	-	29,500
Miscellaneous	16,913	-	16,913	16,119
Total Expenditures & Other Financing Uses	1,095,046	-	1,095,046	1,296,981
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 201,935	\$ -	\$ 201,935	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/22/2004
bond Authorization Date	6/29/2004
Bonds Authorized	\$732,907
Bonds Issued	\$732,907
Original Authorized Cost	\$1,902,293
Additional Authorized Cost	(\$760,724)
Revised Authorized Cost	\$1,141,569
Percentage Increase Over Original Authorized Cost	-39.99%
Percentage Completion	84.43%
Original Target Completion Date	09/01/07
Revised Target Completion Date	09/01/07

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
CONSTRUCTION OF VARIOUS RENOVATIONS TO THE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 517,066	\$ -	\$ 517,066	\$ 517,066
Bond Proceeds & Transfers	1,295,886	-	1,295,886	1,296,459
Total Reserve	1,812,952	-	1,812,952	1,813,525
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	210,702	-	210,702	257,000
Construction Services	1,446,161	-	1,446,161	1,452,940
Equipment Purchases	56,278	-	56,278	25,000
Miscellaneous	14,801	-	14,801	78,585
Total Expenditures & Other Financing Uses	1,727,942	-	1,727,942	1,813,525
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 85,010	\$ -	\$ 85,010	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/22/2004
Bond Authorization Date	6/29/2004
Bonds Authorized	\$959,295
Bonds Issued	\$959,295
Original Authorized Cost	\$1,476,361
Additional Authorized Cost	\$337,164
Revised Authorized Cost	\$1,813,525
Percentage Increase Over Original Authorized Cost	22.84%
Percentage Completion	95.28%
Original Target Completion Date	10/31/05
Revised Target Completion Date	06/30/06

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
CONSTRUCTION OF NEW SEPTIC SYSTEM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ -	\$ 205,977	\$ 205,977	\$ 205,977
Bond Proceeds & Transfers	-	375,369	375,369	375,369
	<hr/>			
Total Reserve	-	581,346	581,346	581,346
<hr/>				
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	-	-	-	-
Construction Services	-	581,346	581,346	581,346
	<hr/>			
Total Expenditures & Other Financing Uses	-	581,346	581,346	581,346
<hr/>				
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -
	<hr/> <hr/>			

ADDITIONAL PROJECT INFORMATION

Project Number	#3200-080-14-1001-G04
Grant Date	
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$514,943
Additional Authorized Cost	\$66,403
Revised Authorized Cost	\$581,346
Percentage Increase Over Original Authorized Cost	22.84%
Percentage Completion	100.00%
Original Target Completion Date	
Revised Target Completion Date	

G. Proprietary Funds

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Enterprise Funds

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2015**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	
Current Assets:				
Cash & Cash Equivalents	\$ 9,277	\$ 10,020	117,997	\$ 137,294
Interfund Receivables	-	-	-	-
Intergovernmental Receivables	12,240	-	-	12,240
Other Receivables	-	-	4,333	4,333
Inventories	13,623	-	-	13,623
Total Current Assets	35,140	10,020	122,330	167,490
Noncurrent Assets:				
Furniture, Machinery & Equipment	382,122	-	62,267	444,389
Less: Accumulated Depreciation	(232,512)	-	(4,062)	(236,574)
Total Noncurrent Assets	149,610	-	58,205	207,815
Total Assets	184,750	10,020	180,535	375,305
LIABILITIES				
Accounts Payable	400	3,990	9,520	13,910
Unearned Revenue	12,925	-	-	12,925
Total Liabilities	13,325	3,990	9,520	26,835
NET POSITION				
Investment in Capital Assets Net of Related Debt	149,610	-	58,205	207,815
Unrestricted	21,815	6,030	112,810	140,655
Total Net Position	\$ 171,425	\$ 6,030	171,015	\$ 348,470

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	
Operating Revenues:				
Local Revenues:				
Daily Sales - Reimbursable Programs	\$ 184,251	\$ -	\$ -	\$ 184,251
Total - Daily Sales - Reimbursable Programs	184,251	-	-	184,251
Daily Sales - Nonreimbursable Programs	163,963	-	-	163,963
Special Functions	11,512	-	-	11,512
Interest Revenue	14	-	75	89
Community Service Activities	-	71,668	169,100	240,768
Total Operating Revenue	359,740	71,668	169,175	600,583
Operating Expenses:				
Cost of Sales	183,339	-	-	183,339
Salaries	191,831	37,307	52,401	281,539
Support Services - Employee Benefits	35,256	2,854	3,921	42,031
Management Fees	23,172	-	-	23,172
Purchased Professional/Technical Services	1,530	36,883	35,559	73,972
Supplies & Materials	11,986	5,083	18,603	35,672
Depreciation	18,134	-	3,332	21,466
General Insurance	8,169	-	-	8,169
Office Expense	1,905	-	-	1,905
Travel	2,327	-	-	2,327
Miscellaneous Expenditures	6,466	1,408	13,707	21,581
Total Operating Expenses	484,115	83,535	127,523	695,173
Operating Income/(Loss)	(124,375)	(11,867)	41,652	(94,590)
Nonoperating Revenues/(Expenses):				
State Sources:				
State School Lunch Program	3,543	-	-	3,543
Federal Sources:				
National School Lunch Program	53,973	-	-	53,973
National School Performance Based Program	5,045	-	-	5,045
Special Milk Program	1,167	-	-	1,167
Food Distribution Program	25,947	-	-	25,947
Total Nonoperating Revenues/(Expenses)	89,675	-	-	89,675
Change in Net Position	(34,700)	(11,867)	41,652	(4,915)
Total Net Position - Beginning	206,125	17,897	129,363	353,385
Total Net Position - Ending	\$ 171,425	\$ 6,030	\$ 171,015	\$ 348,470

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	TOTAL
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 362,930	\$ 71,668	\$ 169,100	\$ 603,698
Payments to Employees	(227,087)	(40,161)	(56,322)	(323,570)
Payments to Suppliers	(216,474)	(40,434)	(76,704)	(333,612)
Interest Earned	14	-	75	89
Net Cash Provided/(Used) by Operating Activities	<u>(80,617)</u>	<u>(8,927)</u>	<u>36,149</u>	<u>(53,395)</u>
Cash Flows From Capital Financing Activities:				
Purchase of Capital Assets	-	-	(45,067)	(45,067)
Net Cash Provided/(Used) by Capital Financing Activities	<u>-</u>	<u>-</u>	<u>(45,067)</u>	<u>(45,067)</u>
Cash Flows From Noncapital Financing Activities:				
State Sources	3,543	-	-	3,543
Federal Sources	60,185	-	-	60,185
Cash Received/(Paid) for Interfund Transfers	-	-	-	-
Cash Paid for Board Contribution	-	-	-	-
Net Cash Provided by Noncapital Financing Activities	<u>63,728</u>	<u>-</u>	<u>-</u>	<u>63,728</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(16,889)	(8,927)	(8,918)	(34,734)
Cash & Cash Equivalents, July 1	26,166	18,947	126,915	172,028
Cash & Cash Equivalents, June 30	<u>\$ 9,277</u>	<u>\$ 10,020</u>	<u>\$ 117,997</u>	<u>\$ 137,294</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (124,375)	\$ (11,867)	\$ 41,652	\$ (94,590)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	18,134	-	3,332	21,466
Food Distribution Program	25,947	-	-	25,947
Change in Assets & Liabilities:				
Increase/(Decrease) in Receivables	1,099	-	-	1,099
Increase/(Decrease) in Inventory	(3,527)	-	-	(3,527)
(Decrease)/Increase in Accounts Payable	-	2,940	(8,835)	(5,895)
(Decrease)/Increase in Unearned Revenue	2,105	-	-	2,105
Net Cash Provided/(Used) by Operating Activities	<u>\$ (80,617)</u>	<u>\$ (8,927)</u>	<u>\$ 36,149</u>	<u>\$ (53,395)</u>

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Internal Service Fund

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H. Fiduciary Fund

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE TRUST		AGENCY		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITIES	PAYROLL FUND	
Cash & Cash Equivalents	\$ 6,964	\$ 24,203	\$ 38,339	\$ 727,485	\$ 796,991
Total Assets	6,964	24,203	38,339	727,485	796,991
LIABILITIES					
Interfund Payable	-	7,407	-	26,724	34,131
Accounts Payable	-	3,937	-	102,090	106,027
Payable to Summer Teachers	-	-	-	598,671	598,671
Due to Student Groups	-	-	38,339	-	38,339
Total Liabilities	-	11,344	38,339	727,485	777,168
NET POSITION					
Held in Trust for Unemployment Claims & Other Purposes	-	12,859	-	-	12,859
Reserved for Scholarships	6,964	-	-	-	6,964
Total Net Position	\$ 6,964	\$ 12,859	\$ -	\$ -	\$ 19,823

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	PRIVATE PURPOSE TRUST		TOTAL
	SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION	
Additions:			
Contributions:			
Plan Member	\$ -	\$ 31,409	\$ 31,409
Board Contribution	-	-	-
Other - Interest	2	8	10
Total Additions	2	31,417	31,419
Deductions:			
Quarterly Contribution Reports	-	32,486	32,486
Unemployment Claims	-	1,386	1,386
Scholarships Awarded	150	-	150
Total Deductions	150	33,872	34,022
Change in Net Position	(148)	(2,455)	(2,603)
Net Position - Beginning of Year	7,112	15,314	22,426
Net Position - End of Year	\$ 6,964	\$ 12,859	\$ 19,823

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JULY 1, 2014	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2015
Elementary School	\$ 2,223	\$ 19,634	\$ 19,408	\$ 2,449
Primary School	1,309	8,258	8,064	1,503
Middle School	33,403	71,218	70,234	34,387
Total Assets	\$ 36,935	\$ 99,110	\$ 97,706	\$ 38,339
LIABILITIES				
Payable to Student Groups	\$ 36,935	\$ 99,110	\$ 97,706	\$ 38,339
Total Liabilities	\$ 36,935	\$ 99,110	\$ 97,706	\$ 38,339

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JULY 1, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
Cash & Cash Equivalents	\$ 707,665	\$ 15,390,612	\$ 15,370,792	\$ 727,485
Total Assets	\$ 707,665	\$ 15,390,612	\$ 15,370,792	\$ 727,485
LIABILITIES				
Payroll Deductions & Withholdings	\$ 3,669	\$ 6,690,599	\$ 6,592,178	\$ 102,090
Interfund Payable	56,409	4,590	34,275	26,724
Payable to Summer Teachers	647,587	598,679	647,595	598,671
Total Liabilities	\$ 707,665	\$ 7,293,868	\$ 7,274,048	\$ 727,485

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I. Long-Term Debt

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2015**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JULY 1, 2014	ISSUED	RETIRED	BALANCE JUNE 30, 2015
Refunding Bonds	05/15/05	4,565,000	3/15/2016	465,000	4.000%	\$ 1,895,000	\$ -	\$ 445,000	\$ 1,450,000
			3/15/2017	485,000	4.000%				
			3/15/2018	500,000	4.000%				
Refunding Bonds	05/11/06	9,800,000	07/15/15	20,000	4.100%	9,495,000	-	20,000	9,475,000
			07/15/16	25,000	4.100%				
			07/15/17-20	25,000	4.250%				
			07/15/21-23	30,000	4.250%				
			07/15/24-25	35,000	4.250%				
			07/15/26	1,150,000	4.300%				
			07/15/27	2,020,000	4.300%				
			07/15/28	2,015,000	4.400%				
			07/15/29	2,000,000	4.400%				
			07/15/30	1,985,000	4.400%				
Refunding Bonds	01/04/07	9,960,000	07/15/15-18	40,000	4.000%	9,755,000	-	35,000	9,720,000
			07/15/19-20	45,000	4.000%				
Refunding Bonds			07/15/21	550,000	4.000%				
			07/15/22	2,040,000	4.000%				
			07/15/23	2,025,000	4.000%				
			07/15/24	2,011,000	4.000%				
			07/15/25	1,990,000	4.000%				
			07/15/26	855,000	4.000%				
			07/15/15	1,745,000	4.000%	13,795,000	-	1,655,000	12,140,000
			07/15/16	1,820,000	4.000%				
			07/15/17	1,900,000	5.000%				
			07/15/18	1,445,000	5.000%				
		07/15/19	1,825,000	5.000%					
		07/15/20	1,925,000	5.000%					
		07/15/21	1,480,000	5.000%					
Total						\$ 34,940,000	\$ -	\$ 2,155,000	\$ 32,785,000

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 3,501,689	\$ -	\$ 3,501,689	\$ 3,501,689	\$ -
State Sources:					
Debt Service Aid Type II	136,666	-	136,666	136,666	-
Total Revenues	<u>3,638,355</u>	<u>-</u>	<u>3,638,355</u>	<u>3,638,355</u>	<u>-</u>
Expenditures					
Regular Debt Service:					
Interest on Bonds	1,483,355	-	1,483,355	1,483,355	-
Redemption of Principal	2,155,000	-	2,155,000	2,155,000	-
Total Expenditures	<u>3,638,355</u>	<u>-</u>	<u>3,638,355</u>	<u>3,638,355</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1	<u>20,001</u>	<u>-</u>	<u>20,001</u>	<u>20,001</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 20,001</u>	<u>\$ -</u>	<u>\$ 20,001</u>	<u>\$ 20,001</u>	<u>\$ -</u>

STATISTICAL SECTION (Unaudited)

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FINANCIAL TRENDS/INFORMATION SCHEDULES

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
Net Investment in Capital Assets	\$ 9,090,208	\$ 7,222,321	\$ 5,818,790	\$ 5,160,126	\$ 8,121,597	\$ 7,535,367	\$ 7,212,141	\$ 6,561,473	\$ 4,005,370	\$ (9,526,496)
Restricted	1,370,868	1,774,267	1,455,764	1,124,681	913,639	572,793	564,227	1,826,817	5,639,682	20,847,345
Unrestricted	(7,017,446)	21,053	(458,775)	(633,062)	301,039	657,241	389,272	582,266	(469,600)	(1,334,904)
Total Governmental Activities	\$ 3,443,630	\$ 9,017,641	\$ 6,815,779	\$ 5,651,745	\$ 9,336,275	\$ 8,765,401	\$ 8,165,640	\$ 8,970,556	\$ 9,175,452	\$ 9,985,945
Business-Type Activities:										
Net Investment in Capital Assets	\$ 207,815	\$ 177,014	\$ 187,365	\$ 206,987	\$ 134,776	\$ 176,988	\$ 58,296	\$ 74,014	\$ 89,732	\$ 105,450
Unrestricted	140,655	176,371	236,225	269,055	239,876	300,623	353,534	296,487	238,750	202,126
Total Business-Type Activities	\$ 348,470	\$ 353,385	\$ 423,590	\$ 476,042	\$ 374,652	\$ 477,611	\$ 411,830	\$ 370,501	\$ 328,482	\$ 307,576
District-Wide:										
Net Investment in Capital Assets	\$ 9,298,023	\$ 7,399,335	\$ 6,006,155	\$ 5,367,113	\$ 8,256,373	\$ 7,712,355	\$ 7,270,437	\$ 6,635,487	\$ 4,095,102	\$ (9,421,046)
Restricted	1,370,868	1,774,267	1,455,764	1,124,681	913,639	572,793	564,227	1,826,817	5,639,682	20,847,345
Unrestricted	(6,876,791)	197,424	(222,550)	(364,007)	540,915	957,864	742,806	878,753	(230,850)	(1,132,778)
Total District Net Position	\$ 3,792,100	\$ 9,371,026	\$ 7,239,369	\$ 6,127,787	\$ 9,710,927	\$ 9,243,012	\$ 8,577,470	\$ 9,341,057	\$ 9,503,934	\$ 10,293,521

MILLSTONE TOWNSHIP BOARD OF EDUCATION
 CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
 LAST TEN FISCAL YEARS
Unaudited

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (6,496,896)	\$ (6,086,322)	\$ (6,515,938)	\$ (5,814,291)	\$ (5,158,805)	\$ (6,153,797)	\$ (6,537,407)	\$ (6,335,433)	\$ (8,494,466)	\$ (7,871,403)
Special Education	(2,248,589)	(2,509,656)	(2,453,150)	(2,690,250)	(2,542,502)	(2,123,308)	(1,990,464)	(1,797,193)	(2,242,177)	(1,976,998)
Other Special Instruction	(485,500)	(496,942)	(501,025)	(527,632)	(445,707)	(354,077)	(359,587)	(380,523)	(336,806)	(438,962)
Other Instruction	(140,483)	(135,708)	(127,655)	(131,444)	(119,935)	(142,167)	(147,554)	(141,185)	(269,296)	(153,978)
Support Services & Undistributed Costs:										
Tuition	(9,696,349)	(8,873,937)	(9,713,742)	(10,126,312)	(11,701,161)	(10,880,256)	(10,319,542)	(9,570,884)	(8,948,790)	(8,562,012)
Student & Instruction Related Services	(2,193,900)	(2,003,743)	(2,052,399)	(1,658,189)	(1,535,567)	(1,630,808)	(1,795,462)	(1,636,439)	(2,375,568)	(2,284,057)
School Administrative Services	(1,177,982)	(987,754)	(1,056,680)	(891,827)	(861,779)	(949,893)	(999,501)	(986,592)	(837,919)	(862,242)
General Administrative Services	(464,172)	(517,354)	(537,759)	(661,651)	(456,079)	(497,075)	(467,948)	(416,945)	(490,816)	(1,050,945)
Central	(404,934)	(427,204)	(406,107)	(342,592)	(339,029)	(364,617)	(384,990)	(378,974)	(456,858)	-
Plant Operations & Maintenance	(2,024,769)	(1,902,180)	(1,830,540)	(1,840,167)	(1,886,643)	(2,021,320)	(2,102,121)	(2,258,458)	(1,918,213)	(2,185,356)
Administrative Information Technology	(260,110)	(218,453)	(213,373)	(313,186)	(255,765)	(294,576)	(244,183)	(229,763)	(220,306)	-
Pupil Transportation	(2,649,554)	(3,861,862)	(2,739,695)	(2,862,349)	(2,688,008)	(2,462,358)	(2,712,275)	(2,572,966)	(3,577,126)	(2,902,349)
Unallocated Employee Benefits	(8,889,145)	(6,201,023)	(6,339,178)	(5,637,072)	(5,035,314)	(5,313,796)	(5,190,250)	(5,255,428)	-	-
Special Schools	-	-	-	-	-	(107,846)	(103,760)	(102,739)	(102,997)	(102,340)
Interest & Other Charges on Long-Term Debt	(1,409,843)	(1,226,699)	(1,646,675)	(2,005,639)	(1,897,624)	(1,985,000)	(2,016,043)	(2,135,254)	(1,747,059)	(1,443,627)
Unallocated Change in Compensated Absences	-	20,599	(40,823)	(37,932)	(40,283)	2,925	41,590	(70,510)	-	-
Unallocated Depreciation	(1,073,536)	(1,128,088)	(1,370,008)	(1,221,419)	(1,325,989)	(1,424,865)	(1,460,545)	(1,755,822)	(696,228)	(747)
Total Governmental Activities Expenses	(39,615,762)	(36,556,326)	(37,544,747)	(36,761,952)	(36,290,190)	(36,702,834)	(36,790,042)	(36,025,108)	(32,714,625)	(29,835,016)

MILLSTONE TOWNSHIP BOARD OF EDUCATION
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-Type Activities:										
Food Service	(484,115)	(525,312)	(530,597)	(556,741)	(560,929)	(563,584)	(548,871)	(556,341)	(513,112)	(503,194)
Performing Arts Center	(127,523)	(74,085)	(87,423)	(56,976)	(74,568)	(78,238)	(51,963)	(11,351)	-	-
Mast Program	(83,535)	(76,976)	(73,725)	(78,239)	(78,177)	-	-	(10,338)	(30,490)	(32,511)
Total Business-Type Activities Expense	(695,173)	(676,373)	(691,745)	(691,956)	(713,674)	(641,822)	(600,834)	(578,030)	(543,602)	(535,705)
Total District Expenses	\$ (40,310,935)	\$ (37,232,699)	\$ (38,236,492)	\$ (37,453,908)	\$ (37,003,864)	\$ (37,344,656)	\$ (37,390,876)	\$ (36,603,138)	\$ (33,258,227)	\$ (30,370,721)
Governmental Activities:										
Charges for Services:										
Pupil Transportation	76,885	1,198,391	612,338	49,815	52,686	83,264	296,306	-	65,752	56,508
Special Schools	-	-	-	-	-	38,381	33,200	37,026	68,624	62,936
Operating Grants & Contributions	4,795,969	513,137	517,484	568,528	729,732	640,918	563,567	509,692	1,179,606	1,185,409
Capital Grants & Contributions	-	-	-	-	-	-	-	-	-	5,226,251
Total Governmental Activities Program Revenues	4,872,854	1,711,528	1,129,822	618,343	782,418	762,563	893,073	546,718	1,313,982	6,531,104
Business-Type Activities:										
Charges for Services:										
Food Service	359,726	365,039	366,906	411,221	448,817	454,030	469,661	468,862	451,864	472,645
Performing Arts Center	169,100	118,287	110,214	105,834	99,905	130,037	100,624	57,795	45,975	42,713
Community Education Program	71,668	79,803	73,090	93,270	78,851	-	-	9,995	66,669	54,641
Operating Grants & Contributions	89,675	92,910	88,816	91,046	82,542	89,838	71,046	81,552	-	-
Total Business Type Activities Program Revenues	690,169	656,039	639,026	701,371	710,115	673,905	641,331	618,204	564,508	569,999
Total District Program Revenues	\$ 5,563,023	\$ 2,367,567	\$ 1,768,848	\$ 1,319,714	\$ 1,492,533	\$ 1,436,468	\$ 1,534,404	\$ 1,164,922	\$ 1,878,490	\$ 7,101,103

MILLSTONE TOWNSHIP BOARD OF EDUCATION
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net/(Expense)/Revenue:										
Governmental Activities	\$ (34,742,908)	\$ (34,844,798)	\$ (36,414,925)	\$ (36,143,609)	\$ (35,507,772)	\$ (35,940,271)	\$ (35,896,969)	\$ (35,478,390)	\$ (31,400,643)	\$ (23,303,912)
Business-Type Activities	(5,004)	(20,334)	(52,719)	9,415	(3,559)	32,083	40,497	40,174	20,906	34,294
Total District-Wide Net Expenses	\$ (34,747,912)	\$ (34,865,132)	\$ (36,467,644)	\$ (36,134,194)	\$ (35,511,331)	\$ (35,908,188)	\$ (35,856,472)	\$ (35,438,216)	\$ (31,379,737)	\$ (23,269,618)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes,										
Net	\$ 26,660,666	\$ 26,371,784	\$ 26,371,784	\$ 26,371,784	\$ 26,371,784	\$ 25,313,031	\$ 25,228,280	\$ 24,916,217	\$ 21,988,746	\$ 20,068,800
Taxes Levied for Debt Service	3,501,689	3,505,871	3,383,308	3,359,864	3,317,166	3,189,693	2,621,792	2,614,471	2,196,773	3,176,100
Unrestricted Grants & Contributions	5,300,147	6,843,493	7,242,214	6,387,057	5,546,114	6,933,729	6,705,063	6,763,325	5,795,394	5,188,878
Investment Earnings	-	-	-	-	-	-	-	4,082	727,302	1,168,392
Miscellaneous Income	671,210	719,653	581,653	858,029	843,582	968,461	536,918	975,398	357,620	278,893
Total Governmental Activities	\$ 36,133,712	\$ 37,440,801	\$ 37,578,959	\$ 36,976,734	\$ 36,078,646	\$ 36,404,914	\$ 35,092,053	\$ 35,273,493	\$ 31,065,835	\$ 29,881,063
Business-Type Activities:										
Miscellaneous Income / (Transfers)	-	(50,000)	-	-	(100,000)	167,666	-	-	-	-
Interest Earnings	89	129	267	143	600	1,150	832	1,845	-	-
Total Business-Type Activities	\$ 89	\$ (49,871)	\$ 267	\$ 143	\$ (99,400)	\$ 168,816	\$ 832	\$ 1,845	\$ -	\$ -
Total District-Wide	\$ 36,133,801	\$ 37,390,930	\$ 37,579,226	\$ 36,976,877	\$ 35,979,246	\$ 36,573,730	\$ 35,092,885	\$ 35,275,338	\$ 31,065,835	\$ 29,881,063
Change in Net Position:										
Governmental Activities	\$ 1,390,804	\$ 2,596,003	\$ 1,164,034	\$ 833,125	\$ 570,874	\$ 464,643	\$ (804,916)	\$ (204,897)	\$ (334,808)	\$ 6,577,151
Business-Type Activities	(4,915)	(70,205)	(52,452)	9,558	(102,959)	200,899	41,329	42,019	20,906	34,294
Total District	\$ 1,385,889	\$ 2,525,798	\$ 1,111,582	\$ 842,683	\$ 467,915	\$ 665,542	\$ (763,587)	\$ (162,878)	\$ (313,902)	\$ 6,611,445

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Restricted	\$ 1,843,755	\$ 2,007,793	\$ 779,320	\$ 441,907	\$ 306,460	\$ 364,712	\$ 43,886	\$ 229,320	\$ 174,451	\$ 1,406,927
Assigned	158,675	429,385	348,689	473,475	256,487					
Unassigned	284,779	300,292	381,417	258,325	176,809	206,747	94,744	272,146	(92,128)	(381,193)
Total General Fund	\$ 2,287,209	\$ 2,737,470	\$ 1,509,426	\$ 1,173,707	\$ 739,756	\$ 571,459	\$ 138,630	\$ 501,466	\$ 82,323	\$ 1,025,734
All Other Governmental Funds:										
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,455	\$ 74,215	\$ 659,059	\$ 2,766,472	\$ 13,928,737
Restricted, Reported in:										
Capital Projects Fund	479,982	479,982	480,012	324,794	328,775	318,113	424,053	409,209	1,945,802	4,090,593
Debt Service Fund	20,001	20,001	39,211	39,211	21,917	22,513	22,073	529,229	907,763	1,161,273
Total All Other Governmental Funds	\$ 499,983	\$ 499,983	\$ 519,223	\$ 364,005	\$ 350,692	\$ 441,081	\$ 520,341	\$ 1,597,497	\$ 5,620,037	\$ 19,180,603

MILLSTONE TOWNSHIP BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local Tax Levy	\$ 30,162,355	\$ 29,877,655	\$ 29,755,092	\$ 29,688,950	\$ 28,502,724	\$ 27,850,072	\$ 27,530,688	\$ 24,185,519	\$ 23,244,900	\$ 19,770,895
Interest Earnings							4,082	727,302	197,189	
Miscellaneous	748,095	1,921,004	1,193,991	796,268	1,068,213	866,424	1,012,424	491,996	398,336	467,944
State Sources	7,493,367	6,843,493	7,354,963	5,635,945	6,537,666	6,797,150	6,837,994	6,494,711	11,142,143	5,713,037
Federal Sources	362,173	460,207	404,735	639,901	1,036,981	471,480	435,023	480,289	458,395	357,186
Total Revenue	38,765,990	39,102,359	38,708,781	36,761,064	37,145,584	35,985,126	35,820,211	32,379,817	35,440,963	26,309,062
Expenditures:										
Instruction:										
Regular	6,496,896	6,093,455	6,515,938	5,158,805	6,153,797	6,537,407	6,335,433	6,327,714	6,107,550	5,642,575
Special	1,870,678	2,047,040	2,072,783	1,954,035	1,664,162	1,561,053	1,507,700	1,516,514	1,352,097	1,367,501
Other	485,500	496,942	501,025	445,707	354,077	359,587	380,523	336,806	319,703	272,824
School-Sponsored/Other	140,483	135,708	127,655	119,935	142,167	147,554	141,185	141,238	146,271	140,691
Undistributed:										
Instruction	9,696,349	8,873,937	9,713,742	11,701,161	10,880,256	10,319,542	9,570,884	8,948,790	8,562,012	7,269,435
Support Services - Students	2,193,900	2,003,743	2,052,399	1,535,567	1,630,808	1,795,462	1,636,439	1,597,337	1,468,018	1,133,465
Support Services - Instructional Staff	-	-	-	-	-	-	-	206,666	256,401	394,975
General Administration	464,172	517,354	537,759	456,079	497,075	467,948	416,945	418,444	-	490,956
School Administrative Services	1,088,068	937,233	919,563	720,514	768,121	865,345	766,393	680,409	717,289	698,915
Central Services	404,934	427,204	406,107	339,029	364,617	384,990	378,974	380,950	388,315	-
Administrative Information	260,110	218,453	213,373	255,765	294,576	244,183	229,763	189,943	86,534	-
Technology	2,024,769	1,911,182	1,830,540	1,886,643	2,020,459	2,102,121	2,258,458	1,651,297	1,508,809	1,288,730
Plant Operations & Maintenance	2,649,554	3,907,254	2,783,288	2,819,912	2,626,120	2,860,831	2,763,488	2,353,444	1,985,793	1,797,451
Pupil Transportation	4,502,829	4,412,692	4,355,226	3,741,416	4,045,519	3,950,789	3,724,119	3,526,281	3,193,473	2,885,099
Business & Other Support Services:										
Employee Benefits	-	-	-	-	-	-	-	-	135,449	426,473
Other	1,375,064	1,076,316	1,262,473	633,325	604,315	582,477	879,647	868,763	320,685	227,482
On-Behalf TPAF Pension Contributions	712,504	712,015	721,479	660,573	663,962	656,984	651,662	612,398	592,924	565,422
Reimbursed TPAF FICA Contributions										

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**
(Modified Accrual Basis of Accounting)
Unaudited

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenditures (continued):										
Special Schools	-	-	-	-	107,846	103,760	102,739	102,997	86,353	75,784
Capital Outlay	744,261	84,516	147,543	148,498	309,358	607,657	4,081,727	13,946,759	377,932	370,858
Special Revenue	467,825	513,137	517,484	731,549	647,125	563,567	573,806	-	-	-
Debt Service:										
Principal	2,155,000	2,010,000	1,880,000	1,630,000	1,490,000	1,355,000	1,200,000	1,043,820	830,000	755,000
Interest & Other Charges	1,483,355	1,565,345	1,659,466	1,844,643	1,905,041	1,958,861	2,016,637	2,127,434	2,989,817	597,223
Total Expenditures	39,216,251	37,943,526	38,217,843	36,783,156	37,169,401	37,425,118	39,616,522	46,978,004	31,425,425	26,400,859
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(450,261)	1,158,833	490,938	(22,092)	(23,817)	(1,439,992)	(3,796,311)	(14,598,187)	4,015,538	(91,797)
Other Financing Sources/(Uses):										
Capital Leases	-	-	-	-	220,375	-	192,913	94,211	292,500	170,645
Bonds Proceeds	-	-	-	-	-	-	-	9,960,000	9,800,000	4,694,286
Repayment of Bond Escrow	-	-	-	-	-	-	-	(9,827,440)	(9,651,851)	(4,593,542)
Cost of Issuance	-	-	-	-	-	-	-	(132,560)	(148,149)	(61,152)
Cancelled Prior Year Liabilities	-	-	-	-	21,893	-	-	-	-	-
Cancelled Prior Year Receivables	-	(30)	-	-	-	-	-	-	-	-
Transfers In	375,369	50,000	-	100,007	135,128	-	18,281	476,653	971,203	624,282
Transfers Out	(375,369)	-	-	(7)	(10)	-	(18,281)	(476,653)	-	-
Total Other Financing Sources/ (Uses)	-	49,970	-	100,000	377,386	-	192,913	94,211	1,263,703	834,519
Net Change in Fund Balances	\$ (450,261)	\$ 1,208,803	\$ 490,938	\$ 77,908	\$ 353,569	\$ (1,439,992)	\$ (3,603,398)	\$ (14,503,976)	\$ 5,279,241	\$ 742,722
Debt Service as a Percentage of Noncapital Expenditures	3.78%	4.13%	4.34%	5.01%	5.13%	5.23%	5.09%	4.53%	9.51%	2.26%

Source: District records
Note: Noncapital expenditures are total expenditures less capital outlay

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

Unaudited

FISCAL YEAR ENDED JUNE 30,	TRANSPORTATION	TUITION	INTEREST ON INVESTMENTS	RECREATION FEES	EMPLOYEE HEALTH BENEFITS	PRIOR YEAR REFUNDS	ENRICHMENT PROGRAM FEES	COMMUNITY SCHOOL FEES	MISCELLANEOUS	TOTAL
2015	\$ 76,885	\$ 51,431	\$ 2,060	\$ 5,623	\$ -	\$ -	\$ 253,598	\$ -	\$ 252,846	\$ 642,443
2014	76,885	51,431	2,492	-	678	-	245,950	-	267,212	644,648
2013	104,234	612,338	-	-	-	-	-	-	370,884	1,087,456
2012	316,227	49,815	-	73,990	60,462	94,835	219,120	-	24,714	839,163
2011	33,329	541,225	6,335	73,280	17,028	23,113	-	-	15,864	710,174
2010	1,768	356,184	17,128	68,500	138,244	28,623	-	69,867	278,427	958,741
2009	-	296,306	82,166	39,775	127,834	2,625	-	65,680	183,482	797,868
2008	-	37,026	202,452	40,375	112,622	17,995	-	67,009	368,076	845,555
2007	65,752	-	208,592	-	95,619	6,382	-	68,624	140,135	585,104
2006	51,690	-	182,518	-	70,311	21,058	-	62,936	75,114	463,627

Source: District Records

REVENUE CAPACITY INFORMATION

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**
Unaudited

YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2015	\$ 36,745,500	1,526,814,200	80,706,300	4,732,700	69,814,300	4,480,400	1,723,293,400	6,622,605	1,729,916,005	1.906	1,770,330,133
2014	34,471,500	1,380,894,300	76,219,700	4,425,300	62,382,700	4,084,500	1,562,478,000	6,005,965	1,568,483,965	1.923	1,729,069,407
2013	35,666,000	1,377,787,300	77,010,700	4,436,700	62,293,700	4,084,500	1,561,278,900	6,010,929	1,567,289,829	1.907	1,783,443,985
2012	35,426,700	1,375,803,700	77,261,100	4,714,400	61,171,800	4,084,500	1,558,462,200	7,633,606	1,566,095,806	1.900	1,921,678,627
2011	43,822,300	1,556,812,100	88,872,900	4,583,600	67,627,300	4,641,500	1,766,359,700	7,170,368	1,773,530,068	1.731	1,971,022,893
2010	46,220,600	1,552,680,700	87,965,200	4,476,800	67,269,200	4,659,100	1,763,271,600	11,089,083	1,774,360,683	1.619	2,064,305,736
2009	38,030,500	1,233,242,800	72,632,400	4,031,600	52,893,500	3,870,700	1,404,701,500	4,679,322	1,409,380,822	2.022	2,122,635,950
2008	39,196,900	1,226,606,600	71,547,300	4,201,200	49,961,900	3,925,900	1,395,439,800	3,968,458	1,399,408,258	1.990	2,162,741,595
2007	41,914,200	1,210,892,100	70,671,100	4,262,400	49,327,600	3,925,900	1,380,993,300	2,078,739	1,383,072,039	1.991	2,057,340,295
2006	45,338,200	1,186,809,300	69,915,400	4,277,900	45,988,000	3,925,900	1,356,254,700	2,157,058	1,358,411,758	1.780	1,848,549,781

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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

Unaudited

FISCAL YEAR ENDED DECEMBER 31,	SCHOOL DISTRICT DIRECT RATE				TOTAL			TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	SCHOOL TAX RATE	OVERLAPPING RATES				
				MILLSTONE TOWNSHIP	MONMOUTH COUNTY			
2015	1.712	0.194	1.906	0.210	0.319		2.435	
2014	1.712	0.211	1.923	0.225	0.348		2.496	
2013	1.678	0.229	1.907	0.225	0.353		2.485	
2012	1.680	0.220	1.900	0.225	0.364		2.489	
2011	1.530	0.201	1.731	0.158	0.301		2.190	
2010	1.439	0.180	1.619	0.146	0.321		2.086	
2009	1.832	0.190	2.022	0.158	0.395		2.575	
2008	1.803	0.187	1.990	0.158	0.400		2.548	
2007	1.749	0.242	1.991	0.140	0.411		2.542	
2006	1.518	0.240	1.758	0.140	0.415		2.313	

Source: Municipal Tax Collector

EXHIBIT J-8 NOT AVAILABLE

EXHIBIT J-9

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SCHOOL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
*Unaudited***

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2015	\$ 30,162,355	30,162,355	100.00%	-
2014	30,162,355	30,162,355	100.00%	-
2013	29,755,092	29,755,092	100.00%	-
2012	29,731,648	29,731,648	100.00%	-
2011	29,688,950	29,688,950	100.00%	-
2010	28,502,724	28,502,724	100.00%	-
2009	27,850,072	27,850,072	100.00%	-
2008	27,530,688	27,530,688	100.00%	-
2007	24,185,519	24,185,519	100.00%	-
2006	23,244,900	23,244,900	100.00%	-

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

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DEBT CAPACITY INFORMATION

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**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**
Unaudited

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL DISTRICT		
2015	\$ 32,785,000	\$ -	\$ 32,785,000	N/A	N/A
2014	34,940,000	-	34,940,000	N/A	N/A
2013	36,950,000	45,392	36,995,392	N/A	3,529
2012	38,830,000	88,985	38,918,985	6.03%	3,706
2011	41,485,000	171,166	41,656,166	6.60%	3,938
2010	43,115,000	303,070	43,418,070	7.17%	4,105
2009	44,605,000	246,457	44,851,457	7.72%	4,387
2008	45,960,000	395,013	46,355,013	7.70%	4,548
2007	47,160,000	392,623	47,552,623	7.99%	4,663
2006	47,807,000	461,040	48,268,040	8.68%	4,745

MILLSTONE TOWNSHIP BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
Unaudited

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2015	\$ 32,785,000		\$ 32,785,000	1.90%	N/A
2014	34,940,000	-	34,940,000	2.09%	N/A
2013	36,950,000	-	36,950,000	2.36%	3,525
2012	38,830,000	-	38,830,000	2.48%	3,697
2011	41,485,000	-	41,485,000	2.34%	3,922
2010	43,115,000	-	43,115,000	2.43%	4,076
2009	44,605,000	-	44,605,000	3.16%	4,363
2008	45,960,000	-	45,960,000	3.28%	4,509
2007	47,160,000	-	47,160,000	3.41%	4,624
2006	47,807,000	-	47,807,000	3.52%	4,700

RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015
Unaudited

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Millstone Township	\$ 13,956,236	100.000%	\$ 18,580,282
Monmouth County General Obligation Debt	454,126,255	1.61%	<u>7,266,020</u>
Subtotal, Overlapping Debt			25,846,302
Millstone Township Board of Education			<u>32,785,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 58,631,302</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.

Debt outstanding data provided by each governmental unit.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)
Unaudited**

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 52,504,012	53,946,408	56,328,667	58,952,053	60,934,600	62,693,715	62,508,827	53,542,412	53,542,412	46,844,931
Total Net Debt Applicable to Limit	33,240,000	32,785,000	36,950,000	38,830,000	41,485,000	43,115,000	44,605,000	45,960,000	47,160,000	47,807,000
Legal Debt Margin	\$ 19,264,012	21,161,408	19,378,667	20,122,053	19,449,600	19,578,715	17,903,827	7,582,412	6,382,412	(962,069)
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	63.3%	60.8%	65.6%	65.9%	68.1%	68.8%	71.4%	85.8%	88.1%	102.1%

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis	
2014	\$1,758,755,065
2013	1,719,659,544
2012	<u>1,771,986,583</u>
	<u>\$5,250,401,192</u>

Average Equalized Valuation of Taxable Property	<u>\$1,750,133,731</u>
Debt Limit (3 % of Average Equalization Value) Net Bonded School Debt	<u>\$ 52,504,012</u> <u>33,240,000</u>
Legal Debt Margin	<u>\$ 19,264,012</u>

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

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DEMOGRAPHIC AND ECONOMIC STATISTICS

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
Unaudited

YEAR	POPULATION	PERSONAL INCOME	MONMOUTH COUNTY	UNEMPLOYMENT RATE
			PER CAPITA INCOME	
2015	10,448	N/A	42,749	4.80%
2014	10,448	N/A	N/A	N/A
2013	10,483	N/A	N/A	5.60%
2012	10,502	645,095,852	61,426	3.80%
2011	10,578	631,178,682	59,669	3.80%
2010	10,577	605,543,827	57,251	3.70%
2009	10,223	580,942,421	56,827	3.70%
2008	10,193	602,192,247	59,079	2.20%
2007	10,198	595,257,260	58,370	1.70%
2006	10,172	556,388,056	54,698	1.90%

Source: NJ Dept of Labor and Workforce Development

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
Unaudited

	2015	2005
	EMPLOYEES	EMPLOYEES
Millstone Board of Education	237	256
Total	237	256

Source: Monmouth County Economic Development

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OPERATING INFORMATION

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS**
Unaudited

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:									
Regular	85	90	81	92	81	103	108	110	110
Special Education	55	55	50	41	49	39	39	39	40
Other Special Education	4	4	4	2	4	4	4	4	9
Support Services:									
Student & Instruction Related Services	35	35	28	26	26	26	36	36	35
General Administration	3	3	3	3	3	5	5	5	3
School Administrative Services	12	12	11	16	11	14	15	15	14
Central Services	10	10	8	8	8	8	6	6	5
Plant Operations & Maintenance	25	25	19	22	29	29	21	23	15
Pupil Transportation	5	5	3	24	3	36	43	44	43
Other Support Services VA	-	-	-	-	-	-	-	2	1
Special School	3	3	1	-	1	1	1	1	1
Food Service	-	-	-	-	1	1	1	1	2
Total	237	242	208	232	216	266	279	286	278

Source: District Personnel Records

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS**
Unaudited

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL				
2015	1,195	\$ 34,365,810	28,758	8.44%	134	9/1	9/1	1,180.00	1,128.00	-8.93%	95.5%
2014	1,290	33,965,385	26,330	3.32%	139	9/1	9/1	1,285.40	1,274.60	-4.50%	99.2%
2013	1,355	34,530,834	25,484	9.89%	139	9/1	9/1	1,345.90	1,285.60	-7.23%	95.5%
2012	1,448	33,579,143	23,190	7.21%	129	11/1	11/1	1,450.80	1,395.60	-5.29%	96.2%
2011	1,533	33,160,015	21,631	2.46%	136	12/1	12/1	1,531.90	1,459.80	-2.70%	95.3%
2010	1,580	33,357,156	21,112	3.48%	144	13/1	13/1	1,574.38	1,524.04	-2.94%	96.8%
2009	1,637	33,399,840	20,403	4.75%	148	13/1	12/1	1,622.10	1,545.20	-2.34%	95.3%
2008	1,654	32,215,419	19,477	9.45%	135	13/1	12/1	1,660.90	1,595.59	-1.55%	96.1%
2007	1,678	29,859,993	17,795	9.82%	135	13/1	12/1	1,687.00	1,606.00	-3.10%	95.2%
2006	1,731	28,049,140	16,204	10.68%	134	13/1	13/1	1,741.00	1,670.73	1.27%	96.0%

Sources: District records

Note: Enrollment based on annual October district count.

- a. Operating expenditures equal total expenditures less debt service and capital outlay.
- b. Teaching staff includes only full-time equivalents of certificated staff.
- c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR
*Unaudited***

DISTRICT BUILDINGS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Primary Schools:										
Millstone Primary (1995):										
Square Feet	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000
Capacity (Students)	645	645	645	645	645	645	645	645	597	597
Enrollment	293	336	381	401	440	452	468	480	890	890
Elementary School:										
Millstone Elementary (1958/1987/1999):										
Square Feet	59,495	59,495	59,495	59,495	59,495	59,495	59,495	59,495	59,495	59,495
Capacity (Students)	592	592	592	592	592	592	592	592	407	407
Enrollment	399	422	448	480	510	521	560	551	841	841
Middle School:										
Millstone Middle (2007):										
Square Feet	167,536	167,536	167,536	167,536	167,536	167,536	167,536	167,536	N/A	N/A
Capacity (Students)	650	650	650	650	650	650	650	650	N/A	N/A
Enrollment	485	532	526	567	583	608	609	623	N/A	N/A
Central Administration (1989)										
Square Feet	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120

Number of Schools at June 30, 2014:

Primary = 1

Elementary = 1

Middle School = 1

Other = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
*Unaudited***

SCHOOL FACILITIES	PROJECT #	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Millstone Primary	N/A	\$ 148,167	104,200	104,200	91,585	70,455	91,080	97,283	107,821	244,896	122,069
Millstone Elementary	N/A	104,265	69,467	69,467	65,417	51,120	66,085	70,586	78,229	194,335	70,837
Millstone Middle	N/A	296,336	242,481	212,260	170,085	130,948	186,086	198,759	220,290	N/A	N/A
Total		\$ 548,768	416,148	385,927	327,087	252,523	343,251	366,628	406,340	439,231	192,906

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

Source: District records

MILLSTONE TOWNSHIP BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2015
Unaudited

	COVERAGE	DEDUCTIBLE
School Package Policy (1):		
Building & Contents (All Locations)	\$72,669,703	1,000
General Automobile Liability	1,000,000	
School Board Legal Liability (3)	10,000,000	5,000
Employers Liability	1,000,000	
Garage	5,000,000	
Umbrella Liability:		
Umbrella (1)	10,000,000	
Umbrella "CAP" (2)	50,000,000	
Workers' Compensation (3)	2,000,000	
Supplementary Workers' Compensation (6)	1,750 Per Week	
Student Accident Insurance (4)	1,000,000	
Surety Bonds:		
Treasurer (5)	251,000	
Board Secretary/Business Administrator (5)	10,000	
(1) Utica Mutual		
(2) Firemen's Fund		
(3) New Jersey School Boards Insurance Group		
(4) Groseclose		
(5) Selective		
(6) Chugg		

Source: District records.

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Millstone Township School District
County of Monmouth
Millstone Township, New Jersey 08535

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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Millstone Township School District, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise Millstone Township School District’s basic financial statements, and have issued our report thereon dated December 10, 2015

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Millstone Township School District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Millstone Township School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Millstone Township 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 Millstone Township School 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey as Finding No. 2015-001.

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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

December 10, 2015
Toms River, New Jersey



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR
A-133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08.**

Honorable President and Members
of the Board of Education
Millstone Township School District
County of Monmouth
Millstone Township, New Jersey 08535

Report on Compliance for Each Major State Program

We have audited Millstone Township School District’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major state programs for the year ended June 30, 2015. Millstone Township School District’s major 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 state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Millstone Township School District’s major 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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes

examining, on a test basis, evidence about Millstone Township 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 state program. However, our audit does not provide a legal determination of Millstone Township School District's compliance.

Opinion on Each Major State Program

Basis for Qualified Opinion on Categorical Special Education Aid, Adjustment Aid, Security Aid, Equalization Aid, Per Pupil Growth Aid and PARCC Readiness.

As described in the accompanying schedule of findings and questioned costs, Millstone Township School District did not comply with requirements regarding 15-495-034-5120-089 Categorical Special Education Aid, 15-495-034-5120-085 Adjustment Aid, 15-495-034-5120-084 Security Aid, 15-495-034-5120-078 Equalization Aid, 15-495-034-5120-097 Per Pupil Growth Aid and 15-495-034-5120-098 PARCC Readiness as described in finding number 2015-002. Compliance with such requirements is necessary, in our opinion, for Millstone Township School District to comply with the requirements applicable to that program.

Qualified Opinion on Categorical Special Education Aid, Adjustment Aid, Security Aid, Equalization Aid, Per Pupil Growth Aid and PARCC Readiness.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Millstone Township 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 its Categorical Special Education Aid, Adjustment Aid, Security Aid, Equalization Aid, Per Pupil Growth Aid and PARCC Readiness state programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed no other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08.

Millstone Township School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Millstone Township School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Millstone Township 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 Millstone Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and

New Jersey OMB's Circular(s) 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Millstone Township 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 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a significant deficiency.

Millstone Township School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Millstone Township School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 New Jersey OMB's Circular(s) 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Certified Public Accountant
Public School Accountant, No. 2198

December 10, 2015
Toms River, New Jersey

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**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Millstone Township 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 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 financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's 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 schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last 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 the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the 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:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(3,236) for the general fund and \$3,336 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 3: Relationship to Basic Financial Statements (continued):

	State	Federal	Total
General Fund	\$ 7,150,724	\$ -	\$ 7,150,724
Special Revenue Fund	-	362,173	362,173
Capital Projects Fund	205,977	-	205,977
Debt Service Fund	136,666	-	136,666
Enterprise Fund	<u>3,543</u>	<u>86,132</u>	<u>89,675</u>
Total Financial Assistance	<u>\$ 7,496,910</u>	<u>\$ 448,305</u>	<u>\$ 7,945,215</u>

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: Federal and State Loans Outstanding

The Millstone Township School District had no loan balances outstanding at June 30, 2015.

Note 6: Other

Revenues and expenditures reported under the Food Distribution Program represents 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, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Qualified</u>
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04 and/or 15-08?	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
15-495-034-5120-089	Special Education Aid
15-495-034-5120-085	Adjustment Aid
15-495-034-5120-084	Security Aid
15-495-034-5120-078	Equalization Aid
15-495-034-5120-097	Per Pupil Growth Aid
15-495-034-5120-098	PARCC Readiness Aid
15-495-034-5120-014	Categorical Transportation Aid

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

None Noted

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04 and/or 15-08.

Finding 2015-001:

Information on the State Program: GMIS #'s; 15-495-034-5120-089, 15-495-034-5120-085, 15-495-034-5120-084, 15-495-034-5120-078, 15-495-034-5120-097 and 15-495-034-5120-098

Criteria:

The process to determine the readiness or inability of the individual student to function successfully in an English only program shall be initiated by the student's level of English proficiency as measured by a department established standard on one of the accepted English language proficiency tests. These test scores are to be retained along with documentation indicating support of continued participation in the language assistance program services.

Condition:

During our audit, it was noted that the District was missing backup test scores for children claimed as LEP (Limited English Proficiency) on the ASSA final reports submitted to the Department of Education.

Questioned Costs:

None.

Context:

Students classified as LEP should have test scores and continuing files maintained by the district.

Cause:

The District did not maintain LEP test scores and continuing files for students on the final ASSA report.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs (continued)

Effect:

Students were misclassified on the final ASSA reports as LEP.

Recommendation:

The District should retain the required documentation for students in the LEP program.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04 and/or 15.08

No Prior Year Findings

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04 and/or 15.08

No Prior Year Findings