

**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, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MILLSTONE TOWNSHIP SCHOOL DISTRICT

MILLSTONE TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, NJ 08535

Scott 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 5, 2016

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

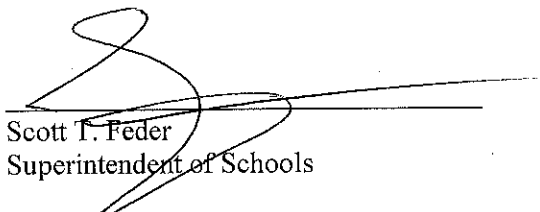
Dear Board Members:

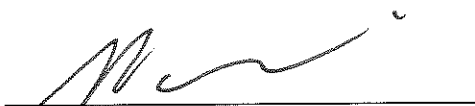
The comprehensive annual financial report of the Millstone Township School District ("District") for the fiscal year ending June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Millstone Township Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the 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 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); 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 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. 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.

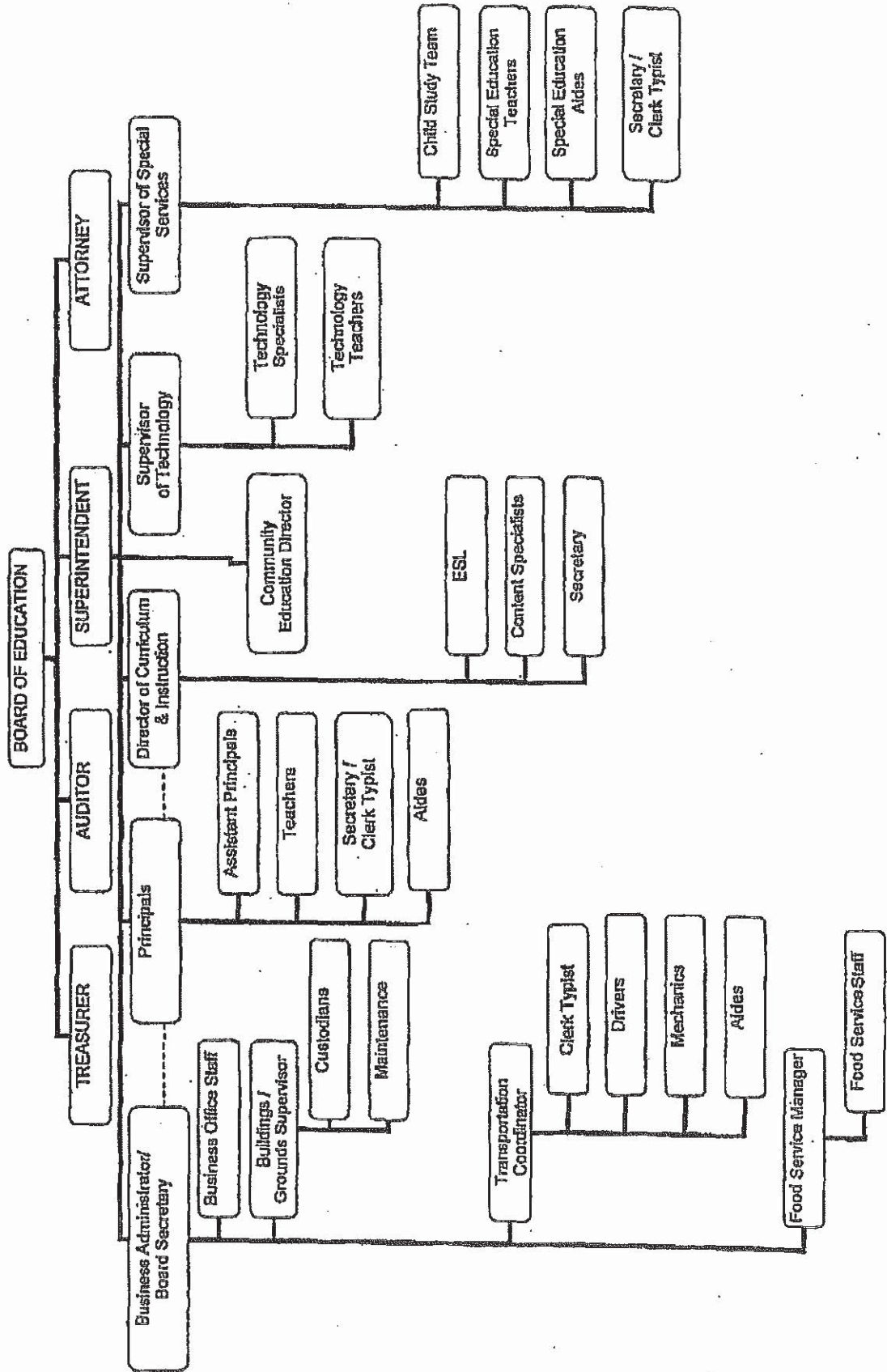
Respectfully submitted,


Scott F. 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, 2016

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Margaret Gordon, President	2016
Kevin McGovern, Vice President	2016
Cindy Bailey	2017
Salvatore Casale	2016
David DePinho	2016
Billy Hanson	2018
Amy Jacobson	2018
Melissa Riviello	2017
Dr. John Sico, Jr.	2018

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

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

Isabel Machado , Esq.
Machado Law Group
136 Central Avenue, Second Floor
Clark, New Jersey 07066

Vito Gagliardi, Jr.
Porzio, Bromberg and Newman, P.C.
100 Southgate Parkway
P.O. Box 1997
Morristown, New Jersey 07962

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

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639

795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

www.hfacpas.com

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions, 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 introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and 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 Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents 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 05, 2016 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

Toms River, New Jersey
December 5, 2016

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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, 2016

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, 2016. 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.

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:

	2016		
	Governmental Activities	Business-Type Activities	Total
Current & Other Assets	\$ 2,628,294	\$ 292,264	\$ 2,921,258
Capital Assets, net	<u>40,290,794</u>	<u>188,253</u>	<u>40,479,047</u>
Total Assets	<u>42,919,088</u>	<u>481,217</u>	<u>43,479,047</u>
Deferred Outflows Related to Pensions	1,035,020	-	1,035,020
Deferred Charge on Refunding of Debt	<u>1,389,899</u>	<u>-</u>	<u>1,389,899</u>
Total Assets & Deferred Outflow of Resources	<u>45,344,007</u>	<u>481,217</u>	<u>45,344,007</u>
Long-Term Liabilities Outstanding	40,283,244	-	40,283,244
Other Liabilities	<u>1,387,419</u>	<u>56,836</u>	<u>1,444,255</u>
Total Liabilities	<u>41,670,663</u>	<u>56,836</u>	<u>41,727,499</u>
Deferred Inflows Related to Pensions	<u>325,833</u>	<u>-</u>	<u>325,833</u>
Total Liabilities and Deferred Inflows of Resources	<u>41,996,496</u>	<u>56,836</u>	<u>42,053,332</u>
Net Position:			
Net Investment in Capital Assets	9,533,664	188,253	9,721,917
Restricted	908,689	-	908,689
Unrestricted	<u>(7,094,842)</u>	<u>236,128</u>	<u>(6,858,714)</u>
Total Net Position	<u>\$ 3,347,511</u>	<u>\$ 424,381</u>	<u>\$ 3,771,892</u>

Restricted net position represents resources that are subject to external restrictions on how they may be used.

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

Changes in Net Position

REVENUES	2016	2015
Charges for Services	\$ 723,905	\$ 677,379
Operating Grants & Contribution	2,986,596	4,885,644
Property Taxes	30,188,648	30,162,355
Grants & Entitlements	5,071,088	5,300,147
Other	975,058	671,299
Total Revenue	\$ 39,945,295	\$ 41,696,824
Expenses	2016	2015
Instruction		
Regular	\$ 8,408,588	\$ 6,496,896
Special Education	3,087,295	2,248,589
Other Special Instruction	514,880	485,500
Other Instruction	178,456	140,483
Support Services		
Tuition	9,850,519	9,696,349
Student & Instr. Related	3,325,423	2,193,900
School Admin. Services	1,720,656	1,177,982
Other Admin Services	615,228	724,282
Plant Oper & Maintenance	2,696,201	2,024,769
Central Services & Adm. Info.	596,907	404,934
Transportation	3,000,204	2,649,554
Unallocated Benefits	2,460,603	8,889,145
Debt Services		
Interest and Other Charges on Debt	1,719,244	1,483,355
Unallocated Depreciation	1,158,522	1,073,536
Other		(73,512)
Total Government Activities	\$ 39,332,726	\$ 39,615,762
Business Type		
Community Education Program	61,696	83,535
Performing Arts Center	113,524	127,523
Food Service	457,557	484,115
Total	632,777	695,173
Total District Expense	\$ 39,965,503	\$ 40,310,935

Governmental Activities - Property taxes made up 75.57 percent of revenues for governmental activities for the year ended June 30, 2016. The District's total revenues and other financing sources were \$39,945,295 for the year ended June 30, 2016. Federal, state and local grants accounted for another 12.69 percent of revenue.

The total cost of all programs and services was \$39,965,503. Instruction expenses comprised approximately 30.50 percent of District expenses in 2016.

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.

- Revenues exceeded enterprise expenditures by \$75,911.
- Charges for services represent 89 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 \$77,659.

General Fund Budgetary Highlights - The difference between the original budget and the final amended budget is comprised solely of the June 30, 2015 encumbrances, which 'roll-over' into the subsequent year's budget (2015-2016) 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, 2016 the District had capital assets of \$40,479,047 a decrease of \$1,143,774 due primarily to 2015-2016 depreciation. This capital asset cost is comprised of: buildings - \$53,130,643, land improvements \$953,273, and machinery and equipment - \$3,534,981. These capital assets are shown net of accumulated depreciation of \$17,139,850 on Note 6 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, 2016

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 1,787,457	\$ 265,278	\$ 2,052,735
Receivables, Net	759,366	14,947	774,313
Interfund Receivables	81,471	-	81,471
Inventory	-	12,739	12,739
Capital Assets, Depreciable (Note 5)	40,290,794	188,253	40,479,047
Total Assets	42,919,088	481,217	43,400,305
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	1,035,020	-	1,035,020
Deferred Charge on Refunding of Debt	1,389,899	-	1,389,899
Total Deferred Outflow of Resources	2,424,919	-	2,424,919
Total Assets and Deferred Outflow of Resources	45,344,007	481,217	45,825,224
LIABILITIES			
Accounts Payable	415,340	43,150	458,490
Interfunds Payable	44,795	-	44,795
Accrued Interest	816,642	-	816,642
Intergovernmental Payable	-	-	-
Unearned Revenue	110,642	13,686	124,328
Long-term obligations (Note 6):			
Due Within One Year	2,937,503	-	2,937,503
Due Beyond One Year	37,345,741	-	37,345,741
Total Liabilities	41,670,663	56,836	41,727,499
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	325,833	-	325,833
Total Deferred Inflow of Resources	325,833	-	325,833
Total Liabilities and Deferred Inflows of Resources	41,996,496	56,836	42,053,332
NET POSITION			
Net Investment in Capital Assets	9,533,664	188,253	9,721,917
Restricted For:			
Debt Service	(816,642)	-	(816,642)
Other Purposes	1,725,331	-	1,725,331
Unrestricted	(7,094,842)	236,128	(6,858,714)
Total Net Position	\$ 3,347,511	\$ 424,381	\$ 3,771,892

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, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:					
Instruction:					
Regular	\$ 8,408,588	\$ -	-	\$ (8,408,588)	\$ (8,408,588)
Special Education	3,087,295	-	435,729	(2,651,566)	(2,651,566)
Other Special Instruction	514,880	-	-	(514,880)	(514,880)
Other Instruction	178,456	-	-	(178,456)	(178,456)
Support Services & Undistributed Costs:					
Tuition	9,850,519	-	-	(9,850,519)	(9,850,519)
Student & Instruction Related Services	3,325,423	-	-	(3,325,423)	(3,325,423)
School Administrative Services	1,720,656	-	-	(1,720,656)	(1,720,656)
General & Business Administrative Services	615,228	-	-	(615,228)	(615,228)
Central Services	493,013	-	137,408	(355,605)	(355,605)
Administrative Information Technology	103,894	-	-	(103,894)	(103,894)
Plant Operations & Maintenance	2,696,201	-	-	(2,696,201)	(2,696,201)
Pupil Transportation	3,000,204	93,045	-	(2,907,159)	(2,907,159)
Unallocated Employee Benefits	2,460,603	-	2,335,800	(124,803)	(124,803)
Interest & Other Charges on Long-Term Debt	1,719,244	-	-	(1,719,244)	(1,719,244)
Unallocated Depreciation & Adjustments	1,158,522	-	-	(1,158,522)	(1,158,522)
Total Governmental Activities	39,332,726	93,045	2,908,937	(36,330,744)	(36,330,744)

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, 2016**

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	61,696	55,841	-	-	(5,855)
Performing Arts Center	113,524	198,582	-	-	85,058
Food Service	457,557	376,437	77,659	-	(3,461)
Total Business-Type Activities	632,777	630,860	77,659	-	75,742
Total Primary Government	\$ 39,965,503	\$ 723,905	\$ 2,986,596	\$ (36,330,744)	\$ (36,255,002)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Including Debt Service				30,188,648	30,188,648
Federal & State Aid Not Restricted				5,071,088	5,071,088
Investment Earnings				-	169
Miscellaneous Income				974,889	974,889
Total General Revenues				36,234,625	36,234,794
Change In Net Position				(96,119)	(20,208)
Net Position - Beginning				3,443,630	3,792,100
Net Position - Ending				\$ 3,347,511	\$ 3,771,892

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, 2016**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Assets:					
Cash & Cash Equivalents	\$ 2,058,600	\$ -	\$ -	\$ -	\$ 2,058,600
Interfund Receivable	36,907	-	44,564	-	81,471
Intergovernmental Receivable:					
State	348,934	-	205,977	-	554,911
Federal	-	102,820	-	-	102,820
Other Receivables	101,635	-	-	-	101,635
Total Assets	\$ 2,546,076	\$ 102,820	\$ 250,541	\$ -	\$ 2,899,437
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Overdraft	\$ -	\$ 20,602	\$ 250,541	\$ -	\$ 271,143
Accounts Payable	399,938	15,402	-	-	415,340
Interfund Payables	44,795	-	-	-	44,795
Unearned Revenue	43,826	66,816	-	-	110,642
Total Liabilities	488,559	102,820	250,541	-	841,920
Fund Balances:					
Restricted for:					
Capital Reserve Account	351,093	-	-	-	351,093
Tuition Reserve	200,000	-	-	-	200,000
Excess Surplus	429,754	-	-	-	429,754
Excess Surplus Designated for Subsequent Year's Expenditures	549,190	-	-	-	549,190
Assigned to:					
Designated for Subsequent Year's Expenditures	60,673	-	-	-	60,673
Other Purposes	134,621	-	-	-	134,621
Unassigned:					
General Fund	332,186	-	-	-	332,186
Total Fund Balances	2,057,517	-	-	-	2,057,517
Total Liabilities & Fund Balances	\$ 2,546,076	\$ 102,820	\$ 250,541	\$ -	
Amounts reported for <i>governmental activities</i> 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 district-wide financials.					(2,306,237)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$57,174,508 and the accumulated depreciation is \$16,883,714.					40,290,794
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.					709,187
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.					(816,642)
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)					(36,587,108)
Net position of Governmental Activities					<u>\$ 3,347,511</u>

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, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 27,147,675	\$ -	\$ -	\$ 3,040,973	\$ 30,188,648
Tuition	71,362	-	-	-	71,362
Transportation	93,045	-	-	-	93,045
Miscellaneous	748,038	155,489	-	-	903,527
Total Local Sources	28,060,120	155,489	-	3,040,973	31,256,582
State Sources	7,438,088	-	-	124,289	7,562,377
Federal Sources	-	417,648	-	-	417,648
Total Revenues	35,498,208	573,137	-	3,165,262	39,236,607
Expenditures:					
Current Expense:					
Regular Instruction	8,408,588	-	-	-	8,408,588
Special Education Instruction	2,651,566	435,729	-	-	3,087,295
Other Special Instruction	514,880	-	-	-	514,880
Other Instruction	178,456	-	-	-	178,456
Support Services & Undistributed Costs:					
Tuition	9,850,519	-	-	-	9,850,519
Student & Instruction Related Services	3,325,423	-	-	-	3,325,423
School Administrative Services	1,463,260	137,408	-	-	1,600,668
General & Business Administrative Services	615,228	-	-	-	615,228
Central Services	493,013	-	-	-	493,013
Administrative Information Technology	103,894	-	-	-	103,894
Plant Operations & Maintenance	2,696,201	-	-	-	2,696,201
Pupil Transportation	3,014,299	-	-	-	3,014,299
Employee Benefits	2,335,800	-	-	-	2,335,800
Capital Outlay	196,761	-	-	-	196,761
Debt Service:					
Principal	-	-	-	2,270,000	2,270,000
Interest & Other Charges	-	-	-	1,580,447	1,580,447
Total Expenditures	35,847,888	573,137	-	3,850,447	40,271,472
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(349,680)	-	-	(685,185)	(1,034,865)
Other Financing Sources/(Uses):					
Transfers In	-	-	-	479,982	479,982
Transfers Out	-	-	(479,982)	-	(479,982)
Proceeds of Refunding Bonds	-	-	-	19,640,697	19,640,697
Deposit to Escrow Agent	-	-	-	(19,455,495)	(19,455,495)
Capital Leases (Non-Budgeted)	119,988	-	-	-	119,988
Cancellation of Prior Year Accounts Receivable	-	-	-	-	-
Total Other Financing Sources/(Uses)	119,988	-	(479,982)	665,184	305,190
Net Change in Fund Balance	(229,692)	-	(479,982)	(20,001)	(729,675)
Fund Balance - July 1	2,287,209	-	479,982	20,001	2,787,192
Fund Balance - June 30	\$ 2,057,517	\$ -	\$ -	\$ -	\$ 2,057,517

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, 2016**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (729,675)

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	(\$1,134,473)	
Adjustments & Deletions to Fixed Assets	(24,049)	
Capital Outlays	34,310	(1,124,212)

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 - 2016	313,907	
Unfunded TPAF Pension Expense	(3,044,381)	
State Share of Unfunded TPAF Pension Expense	3,044,381	
Pension Expense	(486,433)	(172,526)

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. 2,284,095

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term obligations in the statement of net position.

2016 Bond Refunding		
Bond Proceeds	(16,900,000)	
Premiums	(2,782,026)	(19,682,026)

Advance refunding of debt issues are financing uses in the governmental funds. They are not expenses in the statement of activities; refunding of debt decreases long term liabilities in the statement of net position.

Loss on Refunding	426,823	
Bonds Refunded	19,070,000	19,496,823

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	(173,948)	
Amortization of Original Issue Premium	242,694	68,746

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	297,977	
Current Year	(250,254)	47,723

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 increase in accrued interest is a decrease to the reconciliation.

Prior Year	651,563	
Current Year	(816,642)	(165,079)

The proceeds from the issuance of capital leases provide current financial resources and are reported in this fund financial statement, but they are not presented as liabilities in the statement of net position. (119,988)

Change in net position of Governmental Activities \$ (96,119)

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Proprietary Funds

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	
Current Assets:				
Cash & Cash Equivalents	\$ 60,943	\$ 1,182	\$ 203,153	\$ 265,278
Intergovernmental Receivables	10,614	-	-	10,614
Other Receivables	-	-	4,333	4,333
Inventories	12,739	-	-	12,739
Total Current Assets	84,296	1,182	207,486	292,964
Noncurrent Assets:				
Furniture, Machinery & Equipment	382,122	-	62,267	444,389
Less: Accumulated Depreciation	(248,742)	-	(7,394)	(256,136)
Total Noncurrent Assets	133,380	-	54,873	188,253
Total Assets	217,676	1,182	262,359	481,217
LIABILITIES				
Accounts Payable	36,002	1,007	6,141	43,150
Unearned Revenue	13,686	-	-	13,686
Total Liabilities	49,688	1,007	6,141	56,836
NET POSITION				
Net Investment in Capital Assets	133,380	-	54,873	188,253
Unrestricted	34,608	175	201,345	236,128
Total Net Position	\$ 167,988	\$ 175	\$ 256,218	\$ 424,381

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, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	
Operating Revenues:				
Local Revenues:				
Daily Sales - Reimbursable Programs	\$ 182,660	\$ -	\$ -	\$ 182,660
Total - Daily Sales - Reimbursable Programs	182,660	-	-	182,660
Daily Sales - Nonreimbursable Programs	185,333	-	-	185,333
Special Functions	8,444	-	-	8,444
Interest Revenue	24	-	145	169
Community Service Activities	-	55,841	198,582	254,423
Total Operating Revenue	376,461	55,841	198,727	631,029
Operating Expenses:				
Cost of Sales	176,677	31,963	52,577	261,217
Salaries	165,450	-	-	165,450
Support Services - Employee Benefits	33,493	2,445	6,623	42,561
Management Fees	23,126	-	-	23,126
Purchased Professional/Technical Services	10,284	23,291	40,527	74,102
Supplies & Materials	11,779	2,209	3,724	17,712
Depreciation	16,230	-	3,332	19,562
General Insurance	12,190	-	-	12,190
Office Expense	4,145	-	-	4,145
Travel	2,503	-	-	2,503
Miscellaneous Expenditures	1,680	1,788	6,741	10,209
Total Operating Expenses	457,557	61,696	113,524	632,777
Operating Income/(Loss)	(81,096)	(5,855)	85,203	(1,748)
Nonoperating Revenues:				
State Sources:				
State School Lunch Program	3,504	-	-	3,504
Federal Sources:				
National School Lunch Program	50,549	-	-	50,549
National School Performance Based Program	4,865	-	-	4,865
Special Milk Program	735	-	-	735
Food Distribution Program	18,006	-	-	18,006
Contribution to the Board	-	-	-	-
Total Nonoperating Revenues/(Expenses)	77,659	-	-	77,659
Change in Net Position	(3,437)	(5,855)	85,203	75,911
Total Net Position	171,425	6,030	171,015	348,470
Total Net Position - Ending	\$ 167,988	\$ 175	\$ 256,218	\$ 424,381

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, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 378,824	\$ 55,841	\$ 198,582	\$ 633,247
Payments to Employees	(198,943)	(2,445)	(6,623)	(208,011)
Payments to Suppliers	(187,892)	(62,234)	(114,148)	(364,274)
Interest Earned	24	-	145	169
Net Cash Provided/(Used) by Operating Activities	(7,987)	(8,838)	77,956	61,131
Cash Flows From Capital Financing Activities:				
Purchase of Capital Assets	-	-	7,200	7,200
Net Cash Provided/(Used) by Capital Financing Activities	-	-	7,200	7,200
Cash Flows From Noncapital Financing Activities:				
State Sources	3,504	-	-	3,504
Federal Sources	56,149	-	-	56,149
Cash Received/(Paid) for Interfund Transfers	-	-	-	-
Cash Paid for Board Contribution	-	-	-	-
Net Cash Provided by Noncapital Financing Activities	59,653	-	-	59,653
Net Increase/(Decrease) in Cash & Cash Equivalents	51,666	(8,838)	85,156	127,984
Cash & Cash Equivalents, July 1	9,277	10,020	117,997	137,294
Cash & Cash Equivalents, June 30	\$ 60,943	\$ 1,182	\$ 203,153	\$ 265,278

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

Operating Income/(Loss)	\$ (81,096)	\$ (5,855)	\$ 85,203	\$ (1,748)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	16,230	-	3,332	19,562
Food Distribution Program	18,006	-	-	18,006
Change in Assets & Liabilities:	-	-	-	-
Increase/(Decrease) in Receivables	1,626	-	-	1,626
Increase/(Decrease) in Inventory	884	-	-	884
(Decrease)/Increase in Accounts Payable	35,602	(2,983)	-	32,619
(Decrease)/Increase in Deferred Revenue	761	-	(10,579)	(9,818)
Net Cash Provided/(Used) by Operating Activities	\$ (7,987)	\$ (8,838)	\$ 77,956	\$ 61,131

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, 2016**

ASSETS	PRIVATE PURPOSE TRUST		AGENCY		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITIES	PAYROLL FUND	
Cash & Cash Equivalents	\$ 6,741	\$ 45,707	\$ 41,472	\$ 133,605	\$ 227,525
Total Assets	6,741	45,707	41,472	133,605	227,525
LIABILITIES					
Interfunds Payable	-	7,407	-	29,269	36,676
Accounts Payable	-	10,671	-	104,315	114,986
Payable to Summer Teachers	-	-	-	21	21
Payable to Student Groups	-	-	41,472	-	41,472
Total Liabilities	-	18,078	41,472	133,605	193,155
NET POSITION					
Held in Trust for Unemployment Claims & Other Purposes	-	27,629	-	-	27,629
Reserved for Scholarships	6,741	-	-	-	6,741
Total Net Position	\$ 6,741	\$ 27,629	\$ -	\$ -	\$ 34,370

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, 2016**

ADDITIONS	PRIVATE PURPOSE		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	
Contributions:			
Plan Member	\$ -	\$ 32,465	\$ 32,465
Board Contribution	-	-	-
Total Contributions	-	32,465	32,465
Investment Earnings:			
Interest	2	11	13
Net Investment Earnings	2	11	13
Total Additions	2	32,476	32,478
DEDUCTIONS			
Quarterly Contribution Reports	-	9,565	9,565
Unemployment Claims	-	8,141	8,141
Scholarships Awarded	225	-	225
Total Deductions	225	17,706	17,931
Change in Net Position	(223)	14,770	14,547
Net Position - Beginning of the Year	6,964	12,859	19,823
Net Position - End of the Year	\$ 6,741	\$ 27,629	\$ 34,370

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

MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016 of 1,161 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 and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. report information of all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these government-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

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

Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements – The 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. Principal revenue sources considered susceptible to accrual include federal and state grants, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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 reported as non-operating expenses.

MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016

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

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 measurable and available when cash is received.

MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016

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

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).

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.

MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016

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

Proprietary Fund

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

- Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.
- Community Education – This fund accounts for the revenues and expenses pertaining to the District’s community education program.
- Performing Arts Center – This fund accounts for the revenues and expenses pertaining to the District’s performing arts center.

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.

Scholarship Fund – Revenues and expenditures consist of scholarships to given to students.

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.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

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

Budgets/Budgetary Control

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the 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. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6:20-2A(m)1*. All budget amendments must be approved by School Board resolution.

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, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

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.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

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

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.

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, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories and Prepaid Expenses

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.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed. Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

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.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

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

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 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 - 50 Years
Building Improvements – 20 to 30 Years
Machinery & Equipment – 10 to 15 Years
Office & Computer Equipment – 5 to 10 Years
Vehicles – 8 Years

Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2016 for such salaries.

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.

Long-Term Obligations

In government-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016

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

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.

Fund Balance

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

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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:

- 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.

MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. 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. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1: Summary of Significant Accounting Policies (continued)

for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements (continued)

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

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.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1: Summary of Significant Accounting Policies (continued)

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, 2016 through the date of December 05, 2016, 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.

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, 2016 and reported at fair value are as follows:

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2016**

Note 2: Cash and Cash Equivalents (continued):

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$ 2,280,260</u>
Total Deposits	<u><u>\$ 2,280,260</u></u>
 The District's Cash & Cash Equivalents are Reported as Follows:	
Governmental Fund	\$ 1,787,457
Business-Type Activities	265,278
Fiduciary Funds	<u>227,525</u>
Total Cash & Cash Equivalents	<u><u>\$ 2,280,260</u></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, 2016, the District’s bank balance of \$2,562,526 was exposed to custodial credit risk as follows:

FDIC Insured Funds	\$ 250,000
Uninsured Fund	464,506
Collateralized in the District's Name	
Under GUDPA	<u>1,848,020</u>
Total	<u><u>\$ 2,562,526</u></u>

Note 3: Capital Reserve Account

A Capital Reserve Account was established by the Millstone Township Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent years. The Capital Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the 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

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 3: Capital Reserve Account (continued):

unexpended line-item appropriation amounts, or both. A district may also appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at

budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFPP.

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

Beginning Balance, July 1, 2015	\$	201,093
Withdrawal per Budget		(100,000)
Plus:		
Resolution dated June 23, 2016		250,000
Ending Balance, June 30, 2016	\$	351,093

Note 4: Tuition Reserve Account

A tuition reserve account may be established in accordance with *N.J.A.C.6A:23-3.1(f)* for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief. The District's tuition reserve account balance of \$200,000 as of June 30, 2016 is comprised of \$200,000 established during 2015/2016 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2017.

Note 5: Accounts Receivable

Accounts receivable at June 30, 2016 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 Fund	Total
Intergovernmental	\$ 348,934	\$ 102,820	\$ 205,977	\$ 10,614	\$ 668,345
Other	101,635	-	-	-	101,635
Total	\$ 450,569	\$ 102,820	\$ 205,977	\$ 10,614	\$ 769,980

Note 6: Capital Assets

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

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 6: Capital Assets (continued):

Governmental Activities:

	June 30, 2015	Additions	Deletions	Adjustments	June 30, 2016
<u>Non-Depreciable Assets</u>					
Land	\$ 931,317	\$ -	\$ -	\$ (931,317)	\$ -
Construction in Progress	2,918,440	-	-	(2,918,440)	-
Total Non-Depreciable Assets	<u>3,849,757</u>	-	-	<u>(3,849,757)</u>	-
<u>Depreciable Assets</u>					
Buildings & Building Improvement	50,252,355	24,714	-	2,853,574	53,130,643
Machinery & Equipment	3,062,135	9,595	-	18,862	3,090,592
Site Improvements	-	-	-	953,273	953,273
Subtotal	57,164,247	34,309	-	(24,048)	57,174,508
Accumulated Depreciation	<u>(15,749,241)</u>	<u>(1,134,473)</u>	-	-	<u>(16,883,714)</u>
Total	<u>\$ 41,415,006</u>	<u>\$ (1,100,164)</u>	<u>\$ -</u>	<u>\$ (24,048)</u>	<u>\$ 40,290,794</u>

Business-Type Activities:

	June 30, 2015	Additions	Deletions	June 30, 2016
<u>Depreciable Assets</u>				
Machinery & Equipment	\$ 444,389	\$ -	\$ -	\$ 444,389
Subtotal	444,389	-	-	444,389
Accumulated Depreciation	<u>(236,574)</u>	<u>(19,562)</u>	-	<u>(256,136)</u>
Total	<u>\$ 207,815</u>	<u>\$ (19,562)</u>	<u>\$ -</u>	<u>\$ 188,253</u>

Depreciation expense was charged to governmental and business-type functions/programs as follows:

Governmental Activities:

Unallocated	<u>\$ 1,158,522</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,158,522</u>

Business-Type Activities:

Food Service Fund	\$ 16,230
Performing Arts Center	<u>\$ 3,332</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 19,562</u>

Note 7: Long-Term Obligations

A. Long-Term Obligation Activity

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities reported in the long-term obligations:

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 7: Long-Term Obligations (continued)

A. Long-Term Obligation Activity (continued)

	June 30, 2015	Accrued/ Increases	Retired/ Decreases	June 30, 2016	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 32,785,000	\$ 16,900,000	\$ (21,340,000)	\$ 28,345,000	\$ 2,510,000
Add: Bond Premium	1,156,804	2,740,697	(201,365)	3,696,136	398,561
Capital Lease Payable	-	119,988	(14,095)	105,893	28,942
Net Pension Liability	6,757,995	1,127,966	-	7,885,961	-
Compensated Absences	297,977	-	(47,723)	250,254	-
Total	<u>\$ 40,997,776</u>	<u>\$ 20,888,651</u>	<u>\$ (21,603,183)</u>	<u>\$ 40,283,244</u>	<u>\$ 2,937,503</u>

B. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

Principal and interest due on the District's serial bonds outstanding is as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,510,000	\$ 1,837,117	\$ 4,347,117
2018	2,400,000	1,123,450	3,523,450
2019	1,445,000	1,019,825	2,464,825
2020	1,825,000	938,075	2,763,075
2021	1,925,000	844,325	2,769,325
2022-2026	9,550,000	2,951,400	12,501,400
2027-2031	8,690,000	1,045,150	9,735,150
Total	<u>\$ 28,345,000</u>	<u>\$ 9,759,342</u>	<u>\$ 38,104,342</u>

On March 23, 2016, the District issued \$16,900,000 of refunding bonds with interest rates ranging from 2.00% to 5.00% to advance refund \$19,070,000 of 2006 and 2007 school bonds with interest rates ranging from 4.00% to 4.40%. The refunding bonds mature on July 15, 2106 through 2031. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on July 15, 2016. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had no bonds authorized but not issued.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2016**

Note 7: Long-Term Obligations (continued)

C. Capital Leases Payable:

The schedule of the future minimum lease payments under the District's capital leases and the present value of the net minimum lease payments at June 30, 2016 is as follows:

	Year	Government <u>Activities</u>
	2017	\$ 32,195
	2018	32,195
	2019	32,195
	2020	<u>16,097</u>
Subtotal		112,683
Less: Amount representing interest		<u>(6,790)</u>
Present value of net minimum lease payments		<u>\$105,893</u>

The Government Activities present value of capital leases payable at June 30, 2016 is \$105,893 and the long-term portion is \$76,951. The General Fund will be used to liquidate capital leases payable.

D. 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 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.

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, 2016 is \$250,254.

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

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: 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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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 employers' contribution amounts are based on an actuarially determined rate which includes the normal

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued)

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

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.

Components of Pension Liability - At June 30, 2016, the District reported a liability of \$7,885,961 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. 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 July 1, 2014, to the measurement date of June 30, 2015. 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, 2015. The District's proportion measured as of June 30, 2015, was 0.03513% percent, which was a decreased of 0.00097% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarial valuation date (including roll forward)	June 30, 2015	June 30, 2014
Deferred Outflows of Resources	\$ 1,035,020	\$ 530,838
Deferred Inflows of Resources	\$ 325,833	\$ 458,761
Net Pension Liability	\$ 7,885,961	\$ 6,757,995
District's portion of the Plan's total net pension Liability	0.03513%	0.03610%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$486,433. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued)

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

		<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$	846,889	\$	-
Net difference between expected and actual experience		188,131		-
Net difference between projected and actual earnings on pension plan investments		-		126,791
Changes in proportion and differences between District contributions and proportionate share of contributions		-		199,042
Total	\$	1,035,020	\$	325,833

The \$1,035,020 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>
2017	\$ 119,701
2018	119,701
2019	119,701
2020	220,386
2021	129,700
Thereafter	-

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 SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued)

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

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40%
Inflation rate	Based on Age 3.01%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 (3.90) or 1-percentage-point higher (5.90%) than the current rate:

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued)

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

	<u>1%</u> <u>Decrease</u> <u>(3.90%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (4.90%)</u>	<u>1%</u> <u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 9,801,284	\$ 7,885,961	\$ 6,280,167

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.

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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued)

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

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 2015, 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.

**Three-Year Trend Information for TPAF & Post Retirement Medical Contributions
 (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>
6/30/2016	\$ 1,640,986	100%	\$ -
6/30/2015	\$ 1,375,064	100%	\$ -
6/30/2014	\$ 1,076,316	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.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued)

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

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

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

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Pension Obligations (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' 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 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.

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.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9: Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 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, 2016, there were 100,134 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free 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 \$241.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

Note 10: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has health benefits coverage for its employees under the State Employees’ Health Benefit Plan.

Property and Liability Insurance

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

Fiscal Year	Employee Contributions	Interest Earnings	Amount Reimbursed	Ending Balance
2015-2016	\$ 32,465	\$ 11	\$ 17,706	\$ 27,629
2014-2015	31,409	8	33,872	12,859
2013-2014	31,526	9	19,989	15,314

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 11: Contingent Liabilities

Litigation

The Board is periodically involved in claims and lawsuits arising in the normal course of business, including issues regarding special education. The Board does not believe that the ultimate outcome of these claims will have a material adverse effect on the District's financial position.

Grant Programs

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

Note 12: 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 13: Deferred Compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). 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:

AXA/Equitable
Variable Annuity Life Insurance Company
Lincoln Investment

Note 14: Fund Balance

General Fund – Of the \$2,057,517 General Fund fund balance at June 30, 2016, \$351,093 is restricted for the Capital Reserve Account; \$200,000 has been legally restricted for tuition adjustment in accordance with N.J.A.C. 6A:23A-3.1(f)(8); \$429,754 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$549,190 is restricted as excess surplus designated for subsequent year's expenditures; \$60,673 has been assigned to designated for subsequent year's expenditures; \$134,621 has been assigned for other purposes; and \$332,186 is unassigned.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 15: Deficit Net Position

As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of \$(7,094,842) existed as of June 30, 2016 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.

Also reflected on Exhibit A-1, Statement of Net position, a deficit in restricted net position for debt service of \$(816,642) existed as of June 30, 2016 for governmental activities. The primary cause of this deficit is the accrual of interest on District debt service payments.

Note 16: 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 Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve 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, 2016 is \$429,754. This represents a \$119,436 decrease from the prior year.

Note 17: Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2016 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 36,907	\$ 44,564
Capital Projects Fund	44,564	-
Fiduciary Funds	<u>-</u>	<u>36,907</u>
	<u>\$ 81,471</u>	<u>\$ 81,471</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.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Note 17: Interfund Receivables, Payables and Transfers (continued):

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 2,776	\$ -
Capital Projects Fund	479,982	479,982
Debt Service Fund	479,982	479,982
Fiduciary Funds	-	2,776
	<u>\$ 962,740</u>	<u>\$ 962,740</u>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

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, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 27,147,675	\$ -	\$ 27,147,675	\$ 27,147,675	\$ -
Tuition from Individuals	10-1300	-	-	-	71,362	71,362
Tuition from Other LEAs within the State	10-1320	24,000	-	24,000	-	(24,000)
Transportation Fees from Individuals	10-1410	25,000	(25,000)	-	16,335	16,335
Transportation Fees from Other LEA's	10-1420	70,000	(70,000)	-	-	-
Transportation Fees from Other Sources	10-1440	-	70,000	70,000	76,710	6,710
Interest Income	10-1510	-	-	-	1,722	1,722
Rents and Royalties	10-1910	5,000	(5,000)	-	5,095	5,095
Unrestricted Miscellaneous	10-1990	411,000	30,000	441,000	741,221	300,221
Total Local Sources		27,682,675	-	27,682,675	28,060,120	377,445
State Sources:						
Extraordinary Aid	10-3131	200,000	-	200,000	283,093	83,093
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	-
PARCC Readiness Aid	10-3190	18,105	-	18,105	18,105	-
Per Pupil Growth Aid	10-3190	18,105	-	18,105	18,105	-
Nonpublic Transportation Aid	10-3XXX	-	-	-	31,834	31,834
Nonbudgeted:						
On-Behalf TPAF Post Retirement Medical	10-3901	-	-	-	891,925	891,925
On-Behalf TPAF Pension Contribution	10-3901	-	-	-	749,061	749,061
Reimbursed TPAF Social Security	10-3902	-	-	-	694,814	694,814
Total State Sources		4,983,049	-	4,983,049	7,433,776	2,450,727
Total Revenues		32,665,724	-	32,665,724	35,493,896	2,828,172
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	291,873	(109,250)	182,623	182,623	-
Preschool Aides	11-105-100-106	-	-	-	-	-
Kindergarten	11-110-100-101	285,300	(11,495)	273,805	273,805	-
Grades 1 - 5	11-120-100-101	2,968,565	(9,254)	2,959,311	2,959,311	-
Aides Elementary	11-120-100-106	-	21,866	21,866	21,866	-
Grades 6 - 8	11-130-100-101	2,354,567	4,823	2,359,390	2,359,390	-
Home Instruction - Regular Programs:						
Salaries of Teachers	11-150-100-101	5,950	-	5,950	1,998	3,952
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	12,000	-	12,000	11,866	134
Social Security Contributions	11-190-100-220	155,655	(36,003)	119,652	115,391	4,261
Unemployment Compensation	11-190-100-250	21,619	(21,619)	-	-	-
Workmen's Compensation	11-190-100-260	58,371	(7,117)	51,254	51,254	-
Health Benefits	11-190-100-270	1,872,007	(315,950)	1,556,057	1,520,343	35,714
Tuition Reimbursement	11-190-100-280	65,000	-	65,000	64,523	477
Purchased Professional Education Services	11-190-100-320	10,000	11,000	21,000	20,812	188
Purchased Technical Services	11-190-100-340	21,475	27,319	48,794	48,194	600
Other Purchased Services	11-190-100-500	139,445	(57,072)	82,373	72,994	9,379
Travel Expense	11-190-100-580	-	4,650	4,650	4,566	84
General Supplies	11-190-100-610	530,798	45,410	576,208	539,966	36,242
Textbooks	11-190-100-640	120,220	(34,300)	85,920	84,000	1,920
Other Objects	11-190-100-800	-	75,686	75,686	75,686	-
Total Regular Programs		8,912,845	(411,306)	8,501,539	8,408,588	92,951

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	107,436	-	107,436	105,131	2,305
Other Salaries for Instruction	11-204-100-106	28,632	(3,867)	24,765	24,765	-
Social Security Contributions	11-204-100-220	65,625	(2,199)	63,426	63,426	-
Unemployment Compensation	11-204-100-250	9,115	(9,115)	-	-	-
Workmen's Compensation	11-204-100-260	24,609	3,563	28,172	28,172	-
Health Benefits	11-204-100-270	789,248	46,427	835,675	835,675	-
General Supplies	11-204-100-610	2,000	-	2,000	515	1,485
Total Learning &/or Language Disabilities		1,026,665	34,809	1,061,474	1,057,684	3,790
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	49,463	3,027	52,490	52,490	-
Other Salaries for Instruction	11-212-100-106	45,822	1,061	46,883	46,883	-
General Supplies	11-212-100-610	1,500	-	1,500	1,006	494
Total Multiple Disabilities		96,785	4,088	100,873	100,379	494
Resource Room / Resource Center:						
Salaries of Teachers	11-213-100-101	1,261,756	71,952	1,333,708	1,333,708	-
Other Salaries for Instruction	11-213-100-106	101,252	14,293	115,545	115,545	-
General Supplies	11-213-100-610	27,379	(8,272)	19,107	8,862	10,245
Total Resource Room/Resource Center		1,390,387	77,973	1,468,360	1,458,115	10,245
Autism:						
General Supplies	11-214-100-610	1,500	-	1,500	979	521
Total Autism		1,500	-	1,500	979	521
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	10,543	-	10,543	9,591	952
Other Salaries of Instruction	11-215-100-106	20,385	4,187	24,572	24,572	-
Purchased Technical Services	11-215-100-340	-	-	-	-	-
General Supplies	11-215-100-610	750	-	750	246	504
Textbooks	11-215-100-640	-	-	-	-	-
Total Preschool Disabilities - Part-Time		31,678	4,187	35,865	34,409	1,456
Total Special Education		2,547,015	121,057	2,668,072	2,651,566	16,506
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	488,172	(16,160)	472,012	472,012	-
General Supplies	11-230-100-610	-	-	-	-	-
Total Basic Skills/Remedial - Instruction		488,172	(16,160)	472,012	472,012	-
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	41,658	1,210	42,868	42,868	-
Total Bilingual Education - Instruction		41,658	1,210	42,868	42,868	-
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	40,000	18,360	58,360	58,360	-
Social Security Contributions	11-401-100-220	3,032	(1,886)	1,146	1,146	-
Unemployment Compensation	11-401-100-220	421	(421)	-	-	-
Workmen's Compensation	11-401-100-260	1,137	(628)	509	509	-
Health Benefits	11-401-100-270	36,461	(21,358)	15,103	15,103	-
Other Objects	11-401-100-800	5,000	-	5,000	3,218	1,782
Total School Sponsored Cocurricular - Activities		86,051	(5,933)	80,118	78,336	1,782

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	70,000	3,077	73,077	73,077	-
Other Purchased Services	11-402-100-500	13,320	(5,087)	8,233	8,233	-
Supplies and Materials	11-402-100-600	23,200	(4,390)	18,810	18,810	-
Total School Sponsored Athletics - Instruction		106,520	(6,400)	100,120	100,120	-
Total - Instruction		12,182,261	(317,532)	11,864,729	11,753,490	111,239
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEAs Within State Regular	11-000-100-561	7,885,317	-	7,885,317	7,885,317	-
Tuition to Other LEAs Within State Special	11-000-100-562	711,638	25,696	737,334	737,334	-
Tuition to County Vocational School District - Regular	11-000-100-563	201,700	(19,500)	182,200	176,475	5,725
Tuition to County Vocational School District - Special	11-000-100-564	31,800	7,400	39,200	39,200	-
Tuition to CSSD & Regional Day School	11-000-100-565	271,317	-	271,317	270,330	987
Tuition to Private Schools for Disabled Within the State	11-000-100-566	705,801	(41,859)	663,942	663,942	-
Tuition Other	11-000-100-569	84,876	-	84,876	77,921	6,955
Total Undistributed Expenditures - Instruction		9,892,449	(28,263)	9,864,186	9,850,519	13,667
Attendance & Social Work Services:						
Salaries	11-000-211-100	85,895	3,672	89,567	89,567	-
Social Security Contributions	11-000-211-220	-	1,759	1,759	1,759	-
Other Retirement Contributions - PERS	11-000-211-241	-	16,653	16,653	16,653	-
Unemployment Compensation	11-000-211-250	-	781	781	781	-
Health Benefits	11-000-211-270	90,044	(66,864)	23,180	23,180	-
Total Attendance & Social Work Services		175,939	(43,999)	131,940	131,940	-
Health Services:						
Salaries	11-000-213-100	201,234	4,855	206,089	206,089	-
Social Security Contributions	11-000-213-220	5,548	(1,500)	4,048	4,048	-
Unemployment Compensation	11-000-213-250	770	(770)	-	-	-
Workmen's Compensation	11-000-213-260	2,080	(282)	1,798	1,798	-
Health Benefits	11-000-213-270	66,703	(13,368)	53,335	53,335	-
Purchased Professional & Technical Services	11-000-213-300	4,000	19,830	23,830	23,830	-
Other Purchased Services	11-000-213-500	505	-	505	110	395
Supplies and Materials	11-000-213-600	5,390	200	5,590	5,308	282
Other Objects	11-000-213-800	400	-	400	143	257
Total Health Services		286,630	8,965	295,595	294,661	934
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	342,518	3,634	346,152	346,152	-
Social Security Contributions	11-000-216-220	11,535	(4,736)	6,799	6,799	-
Unemployment Compensation	11-000-216-250	1,602	(1,602)	-	-	-
Workmen's Compensation	11-000-216-260	4,326	(1,306)	3,020	3,020	-
Health Benefits	11-000-216-270	138,725	(49,142)	89,583	89,583	-
Purchased Professional - Educational Services	11-000-216-320	99,225	22,186	121,411	121,411	-
Supplies and Materials	11-000-216-600	5,807	-	5,807	5,668	139
Total Other Support Services - Students - Related Services		603,738	(30,966)	572,772	572,633	139

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Support Services - Students - Extraordinary Services:						
Salaries	11-000-217-100	143,331	4,185	147,516	147,516	-
Purchased Professional & Educational Services	11-000-217-320	124,777	143,021	267,798	261,408	6,390
Other Purchased Professional Svc.	11-000-217-330	-	3,072	3,072	6,888	(3,816)
Supplies and Materials	11-000-217-600	3,000	4,155	7,155	3,829	3,326
Total Other Support Services - Students - Extraordinary Services		271,108	154,433	425,541	419,641	5,900
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	275,538	(3,000)	272,538	267,677	4,861
Social Security Contributions	11-000-218-220	7,594	(2,336)	5,258	5,258	-
Unemployment Compensation	11-000-218-250	2,848	(2,848)	-	-	-
Workmen's Compensation	11-000-218-260	1,055	1,280	2,335	2,335	-
Health Benefits	11-000-218-270	91,332	(22,058)	69,274	69,274	-
Supplies and Materials	11-000-218-600	2,365	-	2,365	-	2,365
Total Other Support Services - Students - Regular		380,732	(28,962)	351,770	344,544	7,226
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	373,210	8,479	381,689	381,689	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	46,187	89	46,276	46,276	-
Other Salaries	11-000-219-110	-	-	-	-	-
Social Security Contributions	11-000-219-220	12,169	(3,763)	8,406	8,406	-
Unemployment Compensation	11-000-219-250	1,690	(1,690)	-	-	-
Workmen's Compensation	11-000-219-260	4,563	(829)	3,734	3,734	-
Health Benefits	11-000-219-270	146,347	(35,592)	110,755	110,755	-
Other Purchased Services	11-000-219-500	-	-	-	-	-
Travel Expenditures	11-000-219-580	2,500	299	2,799	143	2,656
Miscellaneous Purchased Services	11-000-219-592	17,200	(4,000)	13,200	11,736	1,464
Supplies and Materials	11-000-219-600	13,520	(2,000)	11,520	5,438	6,082
Other Objects	11-000-219-890	1,100	31	1,131	1,131	-
Total Other Support Services - Students - Special Services		618,486	(38,976)	579,510	569,308	10,202
Improvement of Instruction Services:						
Salaries of Supervisors of Instruction	11-000-221-102	154,108	68,511	222,619	222,619	-
Salaries of Other Professional Staff	11-000-221-104	-	-	-	-	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	33,888	1,589	35,477	35,477	-
Social Security Contributions	11-000-221-220	897	4,173	5,070	5,070	-
Unemployment Compensation	11-000-221-250	124	(124)	-	-	-
Workmen's Compensation	11-000-221-260	336	1,916	2,252	2,252	-
Health Benefits	11-000-221-270	18,784	48,010	66,794	66,794	-
Other Purchased Professional and Technical Services	11-000-221-300	15,300	(10,000)	5,300	2,063	3,237
Other Purchased Services	11-000-221-500	3,170	1,720	4,890	4,890	-
Supplies and Materials	11-000-221-600	8,000	23,200	31,200	10,373	20,827
Other Objects	11-000-221-800	4,850	410	5,260	5,260	-
Total Improvement of Instruction Services		239,457	139,405	378,862	354,798	24,064

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Educational Media Services/School Library:						
Salaries	11-000-222-100	81,020	(5,500)	75,520	67,246	8,274
Social Security Contributions	11-000-222-220	5,047	(839)	4,208	4,208	-
Other Retirement Contributions - PERS	11-000-222-241	-	27,327	27,327	27,327	-
Unemployment Compensation	11-000-222-250	700	1,169	1,869	1,869	-
Workmen's Compensation	11-000-222-260	1,893	(1,893)	-	-	-
Health Benefits	11-000-222-270	60,696	(5,257)	55,439	55,439	-
Salaries of Technology Coordinators	11-000-222-177	147,092	-	147,092	146,974	118
Purchased Professional & Technical Services	11-000-222-300	-	21,004	21,004	21,004	-
Other Purchased Services	11-000-222-500	3,500	-	3,500	2,417	1,083
Supplies and Materials	11-000-222-600	21,850	-	21,850	16,541	5,309
Other Objects	11-000-222-800	2,410	-	2,410	-	2,410
Total Educational Media Services/School Library		324,208	36,011	360,219	343,025	17,194
Instructional Staff Training Services:						
Salaries of Supervisors of Instr. Salaries of Other Professional Staff	11-000-223-102	138,008	1,327	139,335	139,335	-
Other Salaries	11-000-223-104	57,500	-	57,500	43,957	13,543
Social Security Contributions	11-000-223-110	32,500	(32,500)	-	-	-
Unemployment Compensation	11-000-223-220	9,260	(5,660)	3,600	3,600	-
Workmen's Compensation	11-000-223-250	2,342	(2,342)	-	-	-
Health Benefits	11-000-223-260	2,417	(818)	1,599	1,599	-
Educational Services	11-000-223-270	82,018	(34,583)	47,435	47,435	-
Other Purchased Services	11-000-223-320	50,000	3,701	53,701	49,587	4,114
	11-000-223-500	23,150	(6,940)	16,210	9,360	6,850
Total Instructional Staff Training Services		397,195	(77,815)	319,380	294,873	24,507
Support Services General Administration:						
Salaries	11-000-230-100	243,563	(5,299)	238,264	238,264	-
Social Security Contributions	11-000-230-220	6,713	(2,093)	4,620	4,620	-
Other Retirement Contributions - PERS	11-000-230-241	8,477	2,112	10,589	10,589	-
Unemployment Compensation	11-000-230-250	932	(932)	-	-	-
Workmen's Compensation	11-000-230-260	2,517	(465)	2,052	2,052	-
Health Benefits	11-000-230-270	49,218	11,652	60,870	60,870	-
Legal Services	11-000-230-331	17,873	69,125	86,998	86,998	-
Audit Services	11-000-230-332	27,000	-	27,000	26,615	385
Architectural/Engineering Services	11-000-230-333	7,000	(489)	6,511	8,776	(2,265)
Other Purchased Professional Services	11-000-230-339	49,127	14,405	63,532	61,052	2,480
Communications/Telephone	11-000-230-530	40,784	(3,179)	37,605	37,605	-
Supt Travel Expenses	11-000-230-580	-	3,353	3,353	4,064	(711)
Travel	11-000-230-585	-	519	519	519	-
Other Purchased Services (400-500)	11-000-230-590	41,316	(500)	40,816	40,105	711
Misc. Purch Serv.	11-000-230-500	4,500	(4,500)	-	-	-
Supplies and Materials	11-000-230-600	-	3,771	3,771	3,427	344
General Supplies	11-000-230-610	3,000	-	3,000	2,938	62
Judgements Against the School District	11-000-230-820	-	-	-	-	-
Miscellaneous Expenditures	11-000-230-890	25,300	1,434	26,734	26,734	-
Total Support Services General Administration		527,320	88,914	616,234	615,228	1,006

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	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	654,281	(62,299)	591,982	591,982	-
Salaries of Other Professional Staff	11-000-240-104	139,297	2,300	141,597	141,597	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	132,273	9,202	141,475	141,460	15
Social Security Contributions	11-000-240-220	28,983	6,871	35,854	35,854	-
Other Retirement Contributions - PERS	11-000-240-241	36,992	(10,691)	26,301	26,301	-
Unemployment Compensation	11-000-240-250	4,025	(4,025)	-	-	-
Workmen's Compensation	11-000-240-260	10,868	5,058	15,926	15,926	-
Health Benefits	11-000-240-270	159,691	312,711	472,402	472,402	-
Purchased Professional & Technical Services	11-000-240-300	2,790	-	2,790	-	2,790
Other Purchased Services						-
Travel	11-000-240-580		5,803	5,803	6,343	(540)
Other Purchased Services (400-500)	11-000-240-500	20,271	(13,541)	6,730	6,190	540
Supplies and Materials	11-000-240-600	19,800	(2,552)	17,248	14,310	2,938
Other Objects	11-000-240-800	13,300	(2,341)	10,959	10,895	64
Total Support Services School Administration		1,222,571	246,496	1,469,067	1,463,260	5,807
Central Services:						
Salaries	11-000-251-100	322,232	-	322,232	317,116	5,116
Social Security Contributions	11-000-251-220	7,508	(1,279)	6,229	6,229	-
Other Retirement Contributions - PERS	11-000-251-241	20,758	9,446	30,204	30,204	-
Unemployment Compensation	11-000-251-250	1,043	(1,043)	-	-	-
Workmen's Compensation	11-000-251-260	2,816	(49)	2,767	2,767	-
Health Benefits	11-000-251-270	98,407	(16,339)	82,068	82,068	-
Purchased Professional Services	11-000-251-330	27,000	-	27,000	24,645	2,355
Other Purchased Services	11-000-251-500	-	5,711	5,711	5,711	-
Travel	11-000-251-580	-	3,321	3,321	3,321	-
Miscellaneous Purchased Services	11-000-251-592	22,800	(6,800)	16,000	12,059	3,941
Supplies and Materials	11-000-251-600	5,500	180	5,680	5,387	293
Miscellaneous Expenditures	11-000-251-890	16,500	(12,994)	3,506	3,506	-
Total Central Services		524,564	(19,846)	504,718	493,013	11,705
Administration Information Technology:						
Salaries	11-000-252-100	2,300	-	2,300	2,300	-
Purchased Technical Services	11-000-252-340	85,522	(24,025)	61,497	61,429	68
Other Purchased Services (400-500)	11-000-252-500	26,044	7,250	33,294	33,086	208
General Supplies	11-000-252-600	5,684	-	5,684	5,684	-
Other Objects	11-000-252-800	450	1,000	1,450	1,395	55
Total Administration Information Technology		120,000	(15,775)	104,225	103,894	331
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	326,297	(16,316)	309,981	309,981	-
Cleaning, Repair & Maintenance Services	11-000-261-420	210,425	101,847	312,272	300,365	11,907
General Supplies	11-000-261-610	66,821	9,531	76,352	71,992	4,360
Required Maintenance Update	11-000-261-XXX	-	6,000	6,000	6,000	-
Total Required Maintenance for School Facilities		603,543	101,062	704,605	688,338	16,267

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Operation & Maintenance of Plant:						
Salaries	11-000-262-100	694,996	1,141	696,137	696,137	-
Salaries of Non-Instructional Aides	11-000-262-107	65,290	982	66,272	66,272	-
Social Security Contributions	11-000-262-220	29,396	(13,997)	15,399	15,399	-
Other Retirement Contributions - PERS	11-000-262-241	180,848	(30,892)	149,956	149,956	-
Unemployment Compensation	11-000-262-250	4,083	(4,083)	-	-	-
Workmen's Compensation	11-000-262-260	11,024	(4,184)	6,840	6,840	-
Health Benefits	11-000-262-270	353,538	(150,647)	202,891	202,891	-
Purchased Professional & Technical Services	11-000-262-300	99,175	(58,133)	41,042	32,616	8,426
Cleaning, Repair & Maintenance Services	11-000-262-420	9,600	7,580	17,180	17,180	-
Other Purchased Property Services	11-000-262-490	-	-	-	-	-
Insurance	11-000-262-520	111,451	410	111,861	111,861	-
General Supplies	11-000-262-610	126,677	57,480	184,157	163,451	20,706
Energy (Heat & Electricity)	11-000-262-620	428,500	121,200	549,700	527,812	21,888
Energy (Natural Gas)	11-000-262-621	146,200	(146,200)	-	-	-
Energy (Electricity)	11-000-262-622	-	-	-	-	-
Energy (Oil)	11-000-262-624	-	-	-	-	-
Other Objects	11-000-262-800	16,500	2,720	19,220	17,448	1,772
Total Other Operation & Maintenance of Plant		2,277,278	(216,623)	2,060,655	2,007,863	52,792
Student Transportation Services:						
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	373,923	1,971	375,894	375,894	-
Salaries for Pupil Transportation (Between Home & School) - Special Ed.	11-000-270-161	11,663	127	11,790	11,790	-
Social Security Contributions	11-000-270-220	11,041	(3,426)	7,615	7,615	-
Other Retirement Contributions - PERS	11-000-270-241	67,923	(10,624)	57,299	57,299	-
Unemployment Compensation	11-000-270-250	1,533	(1,533)	-	-	-
Workmen's Compensation	11-000-270-260	4,140	(758)	3,382	3,382	-
Health Benefits	11-000-270-270	132,781	(32,450)	100,331	100,331	-
Other Employee Benefits	11-000-270-290	5,001	(1)	5,000	674	4,326
Other Purchased Professional & Technical Services	11-000-270-390	2,000	10,000	12,000	5,898	6,102
Cleaning, Repair & Maintenance Services	11-000-270-420	27,700	(1,822)	25,878	21,064	4,814
Lease Purchase Payments - School Buses	11-000-270-443	-	-	-	-	-
Contracted Services (Regular Education Routes) - Vendors	11-000-270-511	1,286,000	38,428	1,324,428	1,323,773	655
Contracted Services (Between Home & School) - Joint Agreements	11-000-270-512	-	-	-	-	-
Contracted Services (Special Education Students) - Vendors	11-000-270-514	819,259	102,308	921,567	918,839	2,728
Contracted Services (Special Education Students) - Joint Agreements	11-000-270-515	-	-	-	-	-
Contracted Services (Aid in Lieu of Payments) - Nonpublic Sch.	11-000-270-503	65,000	-	65,000	52,780	12,220
Miscellaneous Purchased Services - Transportation	11-000-270-593	4,155	-	4,155	155	4,000
Supplies and Materials	11-000-270-600	194,482	(43,877)	150,605	133,608	16,997
Other Objects	11-000-270-800	3,500	120	3,620	1,197	2,423
Total Student Transportation Services		3,010,101	58,463	3,068,564	3,014,299	54,265
Nonbudgeted:						
On-Behalf Post Retirement Medical		-	-	-	891,925	(891,925)
On-Behalf TPAF Pension Contribution		-	-	-	749,061	(749,061)
Reimbursed TPAF Social Security		-	-	-	694,814	(694,814)
Total Undistributed Expenditures		21,475,319	332,524	21,807,843	23,897,637	(2,089,794)
Total Expenditures - Current Expense		33,657,580	14,992	33,672,572	35,651,127	(1,978,555)

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Capital Outlay:						
Interest Deposit to Capital Reserve						
Equipment:						
Grades 6-8	12-130-100-730	-	5,445	5,445	5,445	-
Undistributed Expenditures:						
Operation & Maintenance of Plant Services	12-000-260-730	-	6,150	6,150	6,150	-
Total Equipment & Interest Deposit		-	11,595	11,595	11,595	-
Facilities Acquisition & Construction Services:						
Architectural/Engineering Services	12-000-400-334	-	31,490	31,490	22,714	8,776
Construction	12-000-400-450	-	9,750	9,750	-	9,750
Assessment for Debt Service	12-000-400-896	42,464	-	42,464	42,464	-
Total Facilities Acquisition & Construction Services		42,464	41,240	83,704	65,178	18,526
Assets Acquired Under Capital Leases (NonBudgeted)		-	-	-	119,988	(119,988)
Total Capital Outlay		42,464	52,835	95,299	196,761	(101,462)
Total Expenditures		33,700,044	67,827	33,767,871	35,847,888	(2,080,017)
Other Financing Sources/(Uses):						
NonBudgeted Capital Leases		-	-	-	119,988	119,988
Capital Outlay - Transfer to Capital Projects		(250,000)	-	(250,000)	-	250,000
Total Other Financing Sources /(Uses)		(250,000)	-	(250,000)	119,988	369,988
Total Expenditures & Other Financing Sources/(Uses)		33,950,044	67,827	34,017,871	35,727,900	(1,710,029)
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses		(1,284,320)	(67,827)	(1,352,147)	(234,004)	1,118,143
Fund Balances, July 1		2,742,104	-	2,742,104	2,742,104	-
Fund Balances, June 30		\$ 1,457,784	\$ (67,827)	\$ 1,389,957	\$ 2,508,100	\$ 1,118,143

RECAPITULATION OF BUDGET TRANSFERS

Prior Year-end Encumbrances	<u>\$ 67,827</u>
Total Budget Transfers	<u><u>\$ 67,827</u></u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 351,093
Tuition Reserve	200,000
Excess Surplus	429,754
Excess Surplus Designated for Subsequent Year's Expenditures	549,190
Assigned Fund Balance:	
Year-end Encumbrances	134,621
Designated for Subsequent Year's Expenditures	60,673
Unassigned Fund Balance	<u>782,769</u>
Total - Budgetary Basis	2,508,100
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(450,583)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 2,057,517</u></u>

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2016**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Local Sources	\$ -	\$ 165,220	\$ 165,220	\$ 165,220	\$ -
Federal Sources	331,000	86,648	417,648	417,648	-
Total Revenues	<u>331,000</u>	<u>251,868</u>	<u>582,868</u>	<u>582,868</u>	<u>-</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	32,294	45,000	77,294	77,294	-
Salaries - Other Salaries of Instruction	12,706	6,730	19,436	19,436	-
Tuition	286,000	(3,202)	282,798	282,798	-
General Supplies	-	65,932	65,932	65,932	-
Total Instruction	<u>331,000</u>	<u>114,460</u>	<u>445,460</u>	<u>445,460</u>	<u>-</u>
Support Services:					
Salaries	-	6,260	6,260	6,260	-
Purchased Professional - Educational Services	-	17,590	17,590	17,590	-
Other Purchased Services	-	2,102	2,102	2,102	-
Supplies & Materials	-	111,456	111,456	111,456	-
Total Support Services	<u>-</u>	<u>137,408</u>	<u>137,408</u>	<u>137,408</u>	<u>-</u>
Total Expenditures	<u>331,000</u>	<u>251,868</u>	<u>582,868</u>	<u>582,868</u>	<u>-</u>
Total Outflows	<u>331,000</u>	<u>251,868</u>	<u>582,868</u>	<u>582,868</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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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, 2016**

**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)	\$ 35,493,896	\$ 582,868
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	-	6,030
Current	-	(15,761)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		
	454,895	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		
	(450,583)	-
<hr/>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 35,498,208</u>	<u>\$ 573,137</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 35,847,888	\$ 582,868
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.		
	-	(9,731)
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 35,847,888</u>	<u>\$ 573,137</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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.03513%	0.03610%	0.03644%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 7,885,961	\$ 6,757,995	\$ 6,964,815	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 2,333,859	\$ 2,356,072	\$ 2,420,913	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	337.89%	286.83%	287.69%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	52.08%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A	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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 313,907	\$ 318,330	\$ 313,770	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	313,907	318,330	313,770	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$ 2,333,859	\$ 2,356,072	\$ 2,420,913	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions as a percentage of covered-employee payroll	13.45%	13.51%	12.96%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**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**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.09830%	0.09639%	0.09170%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 62,127,485	\$ 51,515,206	\$ 46,342,788	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 9,364,304	\$ 9,541,518	\$ 9,442,932	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**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	28.71%	33.64%	33.76%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**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 SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

Teachers Pension and Annuity Fund (TPAF)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. 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.

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)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. 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.

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 males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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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, 2016**

	I.D.E.A. PART B BASIC	I.D.E.A. PRESCHOOL	TITLE I	TITLE II-A	LOCAL GRANTS	TOTAL
Revenues:						
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ 165,220	\$ 165,220
Federal Source	282,798	19,436	102,224	13,190	-	417,648
Total Revenues	282,798	19,436	102,224	13,190	165,220	582,868
Expenditures:						
Instruction:						
Salaries of Teachers	\$ -	\$ -	\$ 68,546	\$ -	\$ 8,748	\$ 77,294
Salaries of Aides	-	19,436	-	-	-	19,436
Tuition	282,798	-	-	-	-	282,798
General Supplies	-	-	21,622	-	44,310	65,932
Total Instruction	282,798	19,436	90,168	-	53,058	445,460
Support Services:						
Salaries	-	-	6,260	-	-	6,260
Purchased Professional Educational Services	-	-	4,400	13,190	-	17,590
Other Purchased Services	-	-	1,396	-	706	2,102
Supplies & Materials	-	-	-	-	111,456	111,456
Total Support Services	-	-	12,056	13,190	112,162	137,408
Total Expenditures	\$ 282,798	\$ 19,436	\$ 102,224	\$ 13,190	\$ 165,220	\$ 582,868

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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, 2016**

PROJECT TITLE/ISSUE	ORIGINAL DATE	ORIGINAL APPROPRIATIONS	EXPENDITURES TO DATE		UNFUNDED AUTHORIZATION CANCELLED	UNEXPENDED BALANCE JUNE 30, 2016
			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	85,010	573	-
New Septic Project	1/6/14	581,346	581,346	-	-	-
Total		\$ 41,509,097	\$ 41,028,542	\$ 479,982	\$ 573	\$ -

**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, 2016**

Revenues & Other Financing Sources:	
State Sources - SDA Grant	\$ -
Bond Proceeds & Transfers	-
	<hr/>
Total Revenues & Other Financing Sources	<hr/>
Expenditures & Other Financing Uses:	
Construction Services	-
Trasfers to Debt Service Fund	479,982
	<hr/>
Total Expenditures & Other Financing Uses	479,982
	<hr/>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(479,982)
	<hr/>
Fund Balance - Beginning	479,982
	<hr/>
Fund Balance - Ending	\$ -
	<hr/> <hr/>

**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, 2016**

	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	-
Trasfers to Debt Service Fund	-	193,037	193,037	-
Total Expenditures & Other Financing Uses	37,624,208	193,037	37,817,245	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	100.00%
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, 2016**

	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
Trasfers to Debt Service Fund	-	201,935	201,935	
Total Expenditures & Other Financing Uses	1,095,046	201,935	1,296,981	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	100.00%
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, 2016**

	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
Trasfers to Debt Service Fund	-	85,010	85,010	
Total Expenditures & Other Financing Uses	1,727,942	85,010	1,812,952	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	99.97%
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, 2016**

	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, 2016**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	
Current Assets:				
Cash & Cash Equivalents	\$ 60,943	\$ 1,182	203,153	\$ 265,278
Interfund Receivables	-	-	-	-
Intergovernmental Receivables	10,614	-	-	10,614
Other Receivables	-	-	4,333	4,333
Inventories	12,739	-	-	12,739
Total Current Assets	84,296	1,182	207,486	292,964
Noncurrent Assets:				
Furniture, Machinery & Equipment	382,122	-	62,267	444,389
Less: Accumulated Depreciation	(248,742)	-	(7,394)	(256,136)
Total Noncurrent Assets	133,380	-	54,873	188,253
Total Assets	217,676	1,182	262,359	481,217
LIABILITIES				
Accounts Payable	36,002	1,007	6,141	43,150
Unearned Revenue	13,686	-	-	13,686
Total Liabilities	49,688	1,007	6,141	56,836
NET POSITION				
Investment in Capital Assets Net of Related Debt	133,380	-	54,873	188,253
Unrestricted	34,608	175	201,345	236,128
Total Net Position	\$ 167,988	\$ 175	256,218	\$ 424,381

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	
Operating Revenues:				
Local Revenues:				
Daily Sales - Reimbursable Programs	\$ 182,660	\$ -	\$ -	\$ 182,660
Total - Daily Sales - Reimbursable Programs	182,660	-	-	182,660
Daily Sales - Nonreimbursable Programs	185,333	-	-	185,333
Special Functions	8,444	-	-	8,444
Interest Revenue	24	-	145	169
Community Service Activities	-	55,841	198,582	254,423
Total Operating Revenue	376,461	55,841	198,727	631,029
Operating Expenses:				
Cost of Sales	176,677	31,963	52,577	261,217
Salaries	165,450	-	-	165,450
Support Services - Employee Benefits	33,493	2,445	6,623	42,561
Management Fees	23,126	-	-	23,126
Purchased Professional/Technical Services	10,284	23,291	40,527	74,102
Supplies & Materials	11,779	2,209	3,724	17,712
Depreciation	16,230	-	3,332	19,562
General Insurance	12,190	-	-	12,190
Office Expense	4,145	-	-	4,145
Travel	2,503	-	-	2,503
Miscellaneous Expenditures	1,680	1,788	6,741	10,209
Total Operating Expenses	457,557	61,696	113,524	632,777
Operating Income/(Loss)	(81,096)	(5,855)	85,203	(1,748)
Nonoperating Revenues/(Expenses):				
State Sources:				
State School Lunch Program	3,504	-	-	3,504
Federal Sources:				
National School Lunch Program	50,549	-	-	50,549
National School Performance Based Program	4,865	-	-	4,865
Special Milk Program	735	-	-	735
Food Distribution Program	18,006	-	-	18,006
Contribution to the Board	-	-	-	-
Total Nonoperating Revenues/(Expenses)	77,659	-	-	77,659
Change in Net Position	(3,437)	(5,855)	85,203	75,911
Total Net Position - Beginning	171,425	6,030	171,015	348,470
Total Net Position - Ending	\$ 167,988	\$ 175	\$ 256,218	\$ 424,381

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	FOOD SERVICE	COMMUNITY EDUCATION	PERFORMING ARTS CENTER	TOTAL
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 378,824	\$ 55,841	\$ 198,582	\$ 633,247
Payments to Employees	(198,943)	(2,445)	(6,623)	(208,011)
Payments to Suppliers	(187,892)	(62,234)	(114,148)	(364,274)
Interest Earned	24	-	145	169
Net Cash Provided/(Used) by Operating Activities	(7,987)	(8,838)	77,956	61,131
Cash Flows From Capital Financing Activities:				
Purchase of Capital Assets	-	-	7,200	7,200
Net Cash Provided/(Used) by Capital Financing Activities	-	-	7,200	7,200
Cash Flows From Noncapital Financing Activities:				
State Sources	3,504	-	-	3,504
Federal Sources	56,149	-	-	56,149
Cash Received/(Paid) for Interfund Transfers	-	-	-	-
Cash Paid for Board Contribution	-	-	-	-
Net Cash Provided by Noncapital Financing Activities	59,653	-	-	59,653
Net Increase/(Decrease) in Cash & Cash Equivalents	51,666	(8,838)	85,156	127,984
Cash & Cash Equivalents, July 1	9,277	10,020	117,997	137,294
Cash & Cash Equivalents, June 30	\$ 60,943	\$ 1,182	\$ 203,153	\$ 265,278

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

Operating Income/(Loss)	\$ (81,096)	\$ (5,855)	\$ 85,203	\$ (1,748)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	16,230	-	3,332	19,562
Food Distribution Program	18,006	-	-	18,006
Change in Assets & Liabilities:				
Increase/(Decrease) in Receivables	1,626	-	-	1,626
Increase/(Decrease) in Inventory	884	-	-	884
(Decrease)/Increase in Accounts Payable	35,602	(2,983)	(10,579)	22,040
(Decrease)/Increase in Unearned Revenue	761	-	-	761
Net Cash Provided/(Used) by Operating Activities	\$ (7,987)	\$ (8,838)	\$ 77,956	\$ 61,131

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Internal Service Fund

Not Applicable

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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, 2016**

ASSETS	PRIVATE PURPOSE TRUST		AGENCY		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITIES	PAYROLL FUND	
Cash & Cash Equivalents	\$ 6,741	\$ 45,707	\$ 41,472	\$ 133,605	\$ 227,525
Total Assets	6,741	45,707	41,472	133,605	227,525
LIABILITIES					
Interfund Payable	-	7,407	-	29,269	36,676
Accounts Payable	-	10,671	-	104,315	114,986
Payable to Summer Teachers	-	-	-	21	21
Due to Student Groups	-	-	41,472	-	41,472
Total Liabilities	-	18,078	41,472	133,605	193,155
NET POSITION					
Held in Trust for Unemployment Claims & Other Purposes	-	27,629	-	-	27,629
Reserved for Scholarships	6,741	-	-	-	6,741
Total Net Position	\$ 6,741	\$ 27,629	\$ -	\$ -	\$ 34,370

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PRIVATE PURPOSE TRUST		TOTAL
	SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION	
Additions:			
Contributions:			
Plan Member	\$ -	\$ 32,465	\$ 32,465
Board Contribution	-	-	-
Other - Interest	2	11	13
Total Additions	2	32,476	32,478
Deductions:			
Quarterly Contribution Reports	-	9,565	9,565
Unemployment Claims	-	8,141	8,141
Scholarships Awarded	225	-	225
Total Deductions	225	17,706	17,931
Change in Net Position	(223)	14,770	14,547
Net Position - Beginning of Year	6,964	12,859	19,823
Net Position - End of Year	\$ 6,741	\$ 27,629	\$ 34,370

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2016
Elementary School	\$ 2,449	\$ 45,760	\$ 42,066	\$ 6,143
Primary School	1,503	12,774	12,850	1,427
Middle School	34,387	239,249	239,734	33,902
Total Assets	\$ 38,339	\$ 297,783	\$ 294,650	\$ 41,472
LIABILITIES				
Payable to Student Groups	\$ 38,339	\$ 297,783	\$ 294,650	\$ 41,472
Total Liabilities	\$ 38,339	\$ 297,783	\$ 294,650	\$ 41,472

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 727,485	\$ 15,116,781	\$ 15,710,661	\$ 133,605
Total Assets	\$ 727,485	\$ 15,116,781	\$ 15,710,661	\$ 133,605
LIABILITIES				
Payroll Deductions & Withholdings	\$ 102,090	\$ 6,783,376	\$ 6,781,151	\$ 104,315
Interfund Payable	26,724	2,545	-	29,269
Payable to Summer Teachers	598,671	29	598,679	21
Total Liabilities	\$ 727,485	\$ 6,785,950	\$ 7,379,830	\$ 133,605

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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, 2016**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2015	ISSUED	REFUNDED	RETIRED	BALANCE JUNE 30, 2016
			DATE	AMOUNT						
Refunding Bonds Bonds	05/15/05	4,565,000	3/15/2017	485,000	4.000%	\$ 1,450,000	\$ -	\$ -	\$ 465,000	\$ 985,000
			3/15/2018	500,000	4.000%					
Refunding Bonds	05/11/06	9,800,000	07/15/16	25,000	4.100%	9,475,000	-	9,430,000	20,000	25,000
Refunding Bonds	01/04/07	9,960,000	07/15/16	40,000	4.000%	9,720,000	-	9,640,000	40,000	40,000
Refunding Bonds	12/6/11	15,045,000	07/15/16	1,820,000	4.000%	12,140,000	-	-	1,745,000	10,395,000
			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%					
Refunding Bonds - 2016	4/19/16	16,900,000	07/15/16	140,000	2.000%	-	16,900,000	-	-	16,900,000
			07/15/21	465,000	4.000%					
			07/15/22	1,935,000	4.000%					
			07/15/23	1,910,000	4.000%					
			07/15/24	1,895,000	4.000%					
			07/15/25	1,865,000	4.000%					
			07/15/26	1,755,000	4.000%					
			07/15/27	1,755,000	4.000%					
			07/15/28	1,745,000	5.000%					
			07/15/29	1,725,000	5.000%					
			07/15/30	1,710,000	5.000%					
			Total							

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2016**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2015	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2016
Savin Digital Copiers (13)	2.750%	\$119,988	\$ -	\$ 119,988	\$ 14,095	\$ 105,893
Total			\$ -	\$ 119,988	\$ 14,095	\$ 105,893

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 3,040,973	\$ -	\$ 3,040,973	\$ 3,040,973	\$ -
State Sources:					
Debt Service Aid Type II	124,289	-	124,289	124,289	-
Total Revenues	3,165,262	-	3,165,262	3,165,262	-
Expenditures					
Regular Debt Service:					
Interest on Bonds	1,395,245	-	1,395,245	1,395,245	-
Redemption of Principal	2,270,000	-	2,270,000	2,270,000	-
Cost of Issuance of Debt	-	-	-	185,202	(185,202)
Total Expenditures	3,665,245	-	3,665,245	3,850,447	(185,202)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(499,983)	-	(499,983)	(685,185)	(185,202)
Other Financing Sources/(Uses):					
Refunding Bond Proceeds	-	-	-	19,640,697	19,640,697
Deposit to Escrow Agent	-	-	-	(19,455,495)	(19,455,495)
Interfund Transfers	479,982	-	479,982	479,982	-
Total Other Financing Sources/Uses	479,982	-	479,982	665,184	185,202
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures	(20,001)	-	(20,001)	(20,001)	-
Fund Balance, July 1	20,001	-	20,001	20,001	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

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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,

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net Investment in Capital Assets	\$ 9,533,664	\$ 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
Restricted	908,689	1,370,868	1,774,267	1,455,764	1,124,681	913,639	572,793	564,227	1,826,817	5,639,682
Unrestricted	(7,094,842)	(7,017,446)	21,053	(458,775)	(633,062)	301,039	657,241	389,272	582,266	(469,600)
Total Governmental Activities	\$ 3,347,511	\$ 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
Business-Type Activities:										
Net Investment in Capital Assets	\$ 188,253	\$ 207,815	\$ 177,014	\$ 187,365	\$ 206,987	\$ 134,776	\$ 176,988	\$ 58,296	\$ 74,014	\$ 89,732
Unrestricted	236,128	140,655	176,371	236,225	269,055	239,876	300,623	353,534	296,487	238,750
Total Business-Type Activities	\$ 424,381	\$ 348,470	\$ 353,385	\$ 423,590	\$ 476,042	\$ 374,652	\$ 477,611	\$ 411,830	\$ 370,501	\$ 328,482
District-Wide:										
Net Investment in Capital Assets	\$ 9,721,917	\$ 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
Restricted	908,689	1,370,868	1,774,267	1,455,764	1,124,681	913,639	572,793	564,227	1,826,817	5,639,682
Unrestricted	(6,858,714)	(6,876,791)	197,424	(222,550)	(364,007)	540,915	957,864	742,806	878,753	(230,850)
Total District Net Position	\$ 3,771,892	\$ 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

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

	FISCAL YEAR ENDING JUNE 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (8,408,588)	\$ (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)
Special Education	(3,087,295)	(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)
Other Special Instruction	(514,880)	(485,500)	(496,942)	(501,025)	(527,632)	(445,707)	(354,077)	(359,587)	(380,523)	(336,806)
Other Instruction	(178,456)	(140,483)	(135,708)	(127,655)	(131,444)	(119,935)	(142,167)	(147,554)	(141,185)	(269,296)
Support Services & Undistributed Costs:										
Tuition	(9,850,519)	(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)
Student & Instruction Related Services	(3,325,423)	(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)
School Administrative Services	(1,720,656)	(1,177,982)	(987,754)	(1,056,680)	(891,827)	(861,779)	(949,893)	(999,501)	(986,592)	(837,919)
General Administrative Services	(615,228)	(464,172)	(517,354)	(537,759)	(661,651)	(456,079)	(497,075)	(467,948)	(416,945)	(490,816)
Central	(493,013)	(404,934)	(427,204)	(406,107)	(342,592)	(339,029)	(364,617)	(384,990)	(378,974)	(456,858)
Plant Operations & Maintenance	(2,696,201)	(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)
Administrative Information Technology	(103,894)	(260,110)	(218,453)	(213,373)	(313,186)	(255,765)	(294,576)	(244,183)	(229,763)	(220,306)
Pupil Transportation	(3,000,204)	(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)
Unallocated Employee Benefits	(2,460,603)	(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)
Interest & Other Charges on Long-Term Debt	(1,719,244)	(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)
Unallocated Change in Compensated Absences	-	-	20,599	(40,823)	(37,932)	(40,283)	2,925	41,590	(70,510)	-
Unallocated Depreciation	(1,158,522)	(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)
Total Governmental Activities Expenses	(39,332,726)	(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)

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

	FISCAL YEAR ENDING JUNE 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-Type Activities:										
Food Service	(457,557)	(484,115)	(525,312)	(530,597)	(556,741)	(560,929)	(563,584)	(548,871)	(556,341)	(513,112)
Performing Arts Center	(113,524)	(127,523)	(74,085)	(87,423)	(56,976)	(74,568)	(78,238)	(51,963)	(11,351)	-
Mast Program	(61,696)	(83,535)	(76,976)	(73,725)	(78,239)	(78,177)	-	-	(10,338)	(30,490)
Total Business-Type Activities Expense	(632,777)	(695,173)	(676,373)	(691,745)	(691,956)	(713,674)	(641,822)	(600,834)	(578,030)	(543,602)
Total District Expenses	\$ (39,965,503)	\$ (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)
Governmental Activities:										
Charges for Services:										
Pupil Transportation	\$ 93,045	\$ 76,885	\$ 1,198,391	\$ 612,338	\$ 49,815	\$ 52,686	\$ 83,264	\$ 296,306	\$ -	\$ 65,752
Special Schools	-	-	-	-	-	-	38,381	33,200	37,026	68,624
Operating Grants & Contributions	2,908,937	4,795,969	513,137	517,484	568,528	729,732	640,918	563,567	509,692	1,179,606
Capital Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	3,001,982	4,872,854	1,711,528	1,129,822	618,343	782,418	762,563	893,073	546,718	1,313,982
Business-Type Activities:										
Charges for Services:										
Food Service	376,437	359,726	365,039	366,906	411,221	448,817	454,030	469,661	468,862	451,864
Performing Arts Center	198,582	169,100	118,287	110,214	105,834	99,905	130,037	100,624	57,795	-
Community Education Program	55,841	71,668	79,803	73,090	93,270	78,851	-	-	9,995	45,975
Operating Grants & Contributions	77,659	89,675	92,910	88,816	91,046	82,542	89,838	71,046	81,552	66,669
Total Business Type Activities Program Revenues	708,519	690,169	656,039	639,026	701,371	710,115	673,905	641,331	618,204	564,508
Total District Program Revenues	\$ 3,710,501	\$ 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

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

	FISCAL YEAR ENDING JUNE 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net/(Expense)/Revenue:										
Governmental Activities	\$ (36,330,744)	\$ (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)
Business-Type Activities	75,742	(5,004)	(20,334)	(52,719)	9,415	(3,559)	32,083	40,497	40,174	20,906
Total District-Wide Net Expenses	\$ (36,255,002)	\$ (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)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes,	\$ 27,147,675	\$ 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
Taxes Levied for Debt Service	3,040,973	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
Unrestricted Grants & Contributions	5,071,088	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
Investment Earnings	-	-	-	-	-	-	-	-	4,082	727,302
Miscellaneous Income	974,889	671,210	719,653	581,653	858,029	843,582	968,461	536,918	975,398	357,620
Total Governmental Activities	36,234,625	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
Business-Type Activities:										
Miscellaneous Income / (Transfers)	-	-	(50,000)	-	-	(100,000)	167,666	-	-	-
Interest Earnings	169	89	129	267	143	600	1,150	832	1,845	-
Total Business-Type Activities	169	89	(49,871)	267	143	(99,400)	168,816	832	1,845	-
Total District-Wide	\$ 36,234,794	\$ 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
Change in Net Position:										
Governmental Activities	\$ (96,119)	\$ 1,390,804	\$ 2,596,003	\$ 1,164,034	\$ 833,125	\$ 570,874	\$ 464,643	\$ (804,916)	\$ (204,897)	\$ (334,808)
Business-Type Activities	75,911	(4,915)	(70,205)	(52,452)	9,558	(102,959)	200,899	41,329	42,019	20,906
Total District	\$ (20,208)	\$ 1,385,889	\$ 2,525,798	\$ 1,111,582	\$ 842,683	\$ 467,915	\$ 665,542	\$ (763,587)	\$ (162,878)	\$ (313,902)

**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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Restricted	\$ 1,530,037	\$ 1,843,755	\$ 2,007,793	\$ 779,320	\$ 441,907	\$ 306,460	\$ 364,712	\$ 43,886	\$ 229,320	\$ 174,451
Assigned	195,294	158,675	429,385	348,689	473,475	256,487				
Unassigned	332,186	284,779	300,292	381,417	258,325	176,809	206,747	94,744	272,146	(92,128)
Total General Fund	\$ 2,057,517	\$ 2,287,209	\$ 2,737,470	\$ 1,509,426	#####	\$ 739,756	\$ 571,459	\$ 138,630	\$ 501,466	\$ 82,323
All Other Governmental Funds:										
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,455	\$ 74,215	\$ 659,059	\$ 2,766,472
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
Debt Service Fund	-	20,001	20,001	39,211	39,211	21,917	22,513	22,073	529,229	907,763
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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Local Tax Levy	\$ 30,188,648	\$ 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
Interest Earnings	1,067,934	748,095	1,921,004	1,193,991	796,268	1,068,213	866,424	1,012,424	727,302	197,189
Miscellaneous	7,562,377	7,493,367	6,843,493	7,354,963	5,635,945	6,537,666	6,797,150	6,837,994	491,996	398,336
State Sources	417,648	362,173	460,207	404,735	639,901	1,036,981	471,480	435,023	6,494,711	11,142,143
Federal Sources									480,289	458,395
Total Revenue	39,236,607	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
Expenditures:										
Instruction:										
Regular	8,408,588	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
Special	2,651,566	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
Other	514,880	485,500	496,942	501,025	445,707	354,077	359,587	380,523	336,806	319,703
School-Sponsored/Other	178,456	140,483	135,708	127,655	119,935	142,167	147,554	141,185	141,238	146,271
Undistributed:										
Instruction	9,850,519	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
Support Services - Students	3,325,423	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
Support Services -										
Instructional Staff	-	-	-	-	-	-	-	-	206,666	256,401
General Administration	615,228	464,172	517,354	537,759	456,079	497,075	467,948	416,945	418,444	-
School Administrative Services	1,463,260	1,088,068	937,233	919,563	720,514	768,121	865,345	766,393	680,409	717,289
Central Services	493,013	404,934	427,204	406,107	339,029	364,617	384,990	378,974	380,950	388,315
Administrative Information										
Technology	103,894	260,110	218,453	213,373	255,765	294,576	244,183	229,763	189,943	86,534
Plant Operations & Maintenance	2,696,201	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
Pupil Transportation	3,014,299	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
Business & Other Support Services:										
Employee Benefits	-	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
Other	-	-	-	-	-	-	-	-	-	135,449
On-Behalf TPAF Pension										
Contributions	1,640,986	1,375,064	1,076,316	1,262,473	633,325	604,315	582,477	879,647	868,763	320,685
Reimbursed TPAF FICA	694,814	712,504	712,015	721,479	660,573	663,962	656,984	651,662	612,398	592,924
Contributions										

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenditures (continued):										
Special Schools	-	-	-	-	-	107,846	103,760	102,739	102,997	86,353
Capital Outlay	196,761	744,261	84,516	147,543	148,498	309,358	607,657	4,081,727	13,946,759	377,932
Special Revenue	573,137	467,825	513,137	517,484	731,549	647,125	563,567	573,806	-	-
Debt Service:										
Principal	2,270,000	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
Interest & Other Charges	1,580,447	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
Total Expenditures	40,271,472	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
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,034,865)	(450,261)	1,158,833	490,938	(22,092)	(23,817)	(1,439,992)	(3,796,311)	(14,598,187)	4,015,538
Other Financing Sources/(Uses):										
Capital Leases	119,988	-	-	-	-	220,375	-	192,913	94,211	292,500
Proceeds of Refunding Bonds	19,640,697	-	-	-	-	-	-	-	9,960,000	9,800,000
Deposit to Escrow Agent	(19,455,495)	-	-	-	-	-	-	-	(9,827,440)	(9,651,851)
Cost of Issuance	-	-	-	-	-	-	-	-	(132,560)	(148,149)
Cancelled Prior Year Liabilities	-	-	-	-	-	21,893	-	-	-	-
Cancelled Prior Year Receivables	-	-	(30)	-	-	-	-	-	-	-
Transfers In	479,982	375,369	50,000	-	100,007	135,128	-	18,281	476,653	971,203
Transfers Out	(479,982)	(375,369)	-	-	(7)	(10)	-	(18,281)	(476,653)	-
Total Other Financing Sources/ (Uses)	305,190	-	49,970	-	100,000	377,386	-	192,913	94,211	1,263,703
Net Change in Fund Balances	\$ (729,675)	\$ (450,261)	\$ 1,208,803	\$ 490,938	\$ 77,908	\$ 353,569	\$ (1,439,992)	\$ (3,603,398)	\$ (14,503,976)	\$ 5,279,241
Debt Service as a Percentage of Noncapital Expenditures	3.92%	3.78%	4.13%	4.34%	5.01%	5.13%	5.23%	5.09%	4.53%	9.51%

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
2016	\$ 76,885	\$ 51,431	\$ 2,060	\$ 5,623	\$ -	\$ -	\$ 253,598	\$ -	\$ 486,757	\$ 876,354
2015	76,885	51,431	2,060	5,623	-	253,598	-	252,846	267,212	909,655
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

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
2016	\$ 38,396,500	\$ 1,637,165,000	\$ 84,664,200	\$ 4,463,100	\$ 70,076,100	\$ 4,480,400	\$ 1,839,245,300	\$ -	\$ 1,839,245,300	1.67	\$ 1,783,680,108
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	1,566,812,100	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

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			
2016	1.504	0.169	1.673	0.200	0.290		2.163	
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	

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	
2016	\$ 30,188,648	\$ 30,188,648	100.00%	-
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%	-

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		
2016	\$ 28,345,000	\$ 105,893	\$ 28,450,893	N/A	N/A
2015	32,785,000	-	32,785,000	N/A	N/A
2014	36,950,000	45,392	36,995,392	N/A	3,529
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

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			NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS				
2016	\$ 28,345,000	\$ -		\$ 28,345,000	N/A	N/A
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

RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
Unaudited

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Millstone Township	\$ 14,079,327	100.00%	\$ 14,076,327
Monmouth County General Obligation Debt	437,190,697	1.64%	<u>7,174,751</u>
Subtotal, Overlapping Debt			21,251,078
Millstone Township Board of Education			<u>28,345,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 49,596,078</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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 52,491,151	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
Total Net Debt Applicable to Limit	28,345,000	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
Legal Debt Margin	\$ 24,146,151	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
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	54.0%	63.3%	60.8%	65.6%	65.9%	68.1%	68.8%	71.4%	85.8%	88.1%

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis	
2015	\$ 1,770,700,462
2014	1,758,755,065
2013	1,719,659,544
	<u>\$5,249,115,071</u>

Average Equalized Valuation of Taxable Property

\$1,749,705,024

Debt Limit (3 % of Average Equalization Value)
Net Bonded School Debt

\$ 52,491,151
28,345,000

Legal Debt Margin

\$ 24,146,151

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 PER CAPITA INCOME	UNEMPLOYMENT RATE
2016	10,443	N/A	50,390	5.20%
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%

Source: NJ Dept of Labor and Workforce Development

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
*Unaudited***

	2016	2006
	EMPLOYEES	EMPLOYEES
Millstone Board of Education	321	Information Not Available
Total	321	Information Not Available

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	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:									
Regular	92	85	90	81	92	81	103	108	110
Special Education	38	55	55	50	41	49	39	39	39
Other Special Education	4	4	4	4	2	4	4	4	4
Support Services:									
Student & Instruction Related Services	35	35	35	28	26	26	26	36	36
General Administration	5	3	3	3	3	3	5	5	5
School Administrative Services	15	12	12	11	16	11	14	15	15
Central Services	9	10	10	8	8	8	8	6	6
Plant Operations & Maintenance	17	25	25	19	22	29	29	21	23
Pupil Transportation	12	5	5	3	24	3	36	43	44
Other Support Services VA	-	-	-	-	-	-	-	-	2
Special School	-	3	3	1	-	1	1	1	1
Food Service	-	-	-	-	-	1	1	1	1
Total	227	237	242	208	232	216	266	279	286

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				
2016	1,161	\$ 36,224,264	28,701	-0.20%	134	13/1	11/1	1,164.00	1,094.00	-1.36%	94.2%
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%

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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	645	597
Enrollment	293	336	381	381	401	440	452	468	480	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	592	407
Enrollment	399	422	448	448	480	510	521	560	551	841
Middle School:										
Millstone Middle (2007):										
Square Feet	167,536	167,536	167,536	167,536	167,536	167,536	167,536	167,536	167,536	N/A
Capacity (Students)	650	650	650	650	650	650	650	650	650	N/A
Enrollment	485	532	526	526	567	583	608	609	623	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, 2016:

- 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 #	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Millstone Primary	N/A	\$ 182,647	\$ 148,167	\$ 104,200	\$ 104,200	\$ 91,585	\$ 70,455	\$ 91,080	\$ 97,283	\$ 107,821	\$ 244,896
Millstone Elementary	N/A	132,520	104,265	69,467	69,467	65,417	51,120	66,085	70,586	78,229	194,335
Millstone Middle	N/A	373,171	296,336	242,481	212,260	170,085	130,948	186,086	198,759	220,290	N/A
Total		\$ 688,338	\$ 548,768	\$ 416,148	\$ 385,927	\$ 327,087	\$ 252,523	\$ 343,251	\$ 366,628	\$ 406,340	\$ 439,231

* 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, 2016
Unaudited

	COVERAGE	DEDUCTIBLE
School Package Policy (1):		
Building & Contents (All Locations)	\$71,161,446	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		

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, 2016, 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 05, 2016.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, and federal and state awarding agencies and pass-through entities, 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

Toms River, New Jersey
December 05, 2016



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 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 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, 2016. 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 federal and 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *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 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to

above that could have a direct and material effect on a major 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

In our opinion, 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 each of its major state programs for the year ended June 30, 2016.

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 or 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 the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 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

Toms River, New Jersey
December 05, 2016

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CLUSTER NUMBER	FEDERAL PROJECT NUMBER	FEDERAL STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2015	CARRYOVER (WALLOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBSEQUENT EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	ENCUMBRANCE PAID AT CANCELED	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	DEFERRED REVENUE AT JUNE 30, 2016	DUE TO GRANTOR AT JUNE 30, 2016
Child Nutrition Cluster: Food Distribution Program	10.555	1616N1304N1099	N/A	7/1/15-6/30/16	\$18,006	\$ -	\$ -	\$ 18,006	\$ (18,006)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Assistance: National School Lunch Program	10.555	1616N1304N1099	N/A	7/1/15-6/30/16	50,549	(10,451)	-	41,455	(50,549)	-	-	-	(9,094)	-	-
National School Lunch Program Subtotal	10.555	1616N1304N1099	N/A	7/1/14-6/30/15	53,973	(10,451)	-	51,906	(50,549)	-	-	-	(9,094)	-	-
Healthy Hunger-Free Kids Act Healthy Hunger-Free Kids Act	10.551	1616N1304N1099	N/A	7/1/15-6/30/16	4,865	(976)	-	4,998	(4,865)	-	-	-	(857)	-	-
Healthy Hunger-Free Kids Act Subtotal	10.551	1616N1304N1099	N/A	7/1/14-6/30/15	5,043	(976)	-	4,994	(4,865)	-	-	-	(857)	-	-
Special Milk Program	10.556	1616N1304N1099	N/A	7/1/15-6/30/16	735	(127)	-	671	(735)	-	-	-	(64)	-	-
Special Milk Program Subtotal	10.556	1616N1304N1099	N/A	7/1/14-6/30/15	1,167	(127)	-	798	(735)	-	-	-	(64)	-	-
Total Child Nutrition Cluster						(11,554)	-	75,694	(74,155)	-	-	-	(10,015)	-	-
Total U.S. Department of Agriculture						(11,554)	-	75,694	(74,155)	-	-	-	(10,015)	-	-
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION: Improving America's Schools Act Amended by Title I - Part A Title I - Part B Subtotal	84.010	S010A150030	NCLB-3200-16	9/1/15-8/30/16	125,691	-	-	69,615	(102,224)	-	-	-	(32,609)	-	-
Title I - Part A Title I - Part B Subtotal	84.010	S010A150030	NCLB-3200-15	9/1/14-8/30/15	24,504	(9,077)	-	78,692	(102,224)	-	-	-	(32,609)	-	-
Title II - Part A Title II - Part B Subtotal	84.367A 84.367A	S367A150029 S367A150029	NCLB-3200-16 NCLB-3200-15	9/1/15-8/30/16 9/1/14-8/30/15	24,423 20,497	- (5,226)	- (5,226)	8,480 5,226	(13,190) (13,190)	- (13,190)	- (13,190)	- (4,740)	- (4,740)	- (4,740)	- (4,740)
I.D.E.A. Special Education Cluster: I.D.E.A. - Part B - Basic I.D.E.A. - Part B - Basic I.D.E.A. - Part B - Basic Subtotal	84.027 84.027 84.027	H027A150100 H027A150100 H027A150100	IDEA-3200-16 IDEA-3200-15 IDEA-3200-13	9/1/15-8/30/16 9/1/14-8/30/15 9/1/12-8/30/13	286,953 286,734 396,902	- (7,740) 265	- (7,740) (7,475)	223,093 7,740 230,833	(282,798) (282,798)	- (19,436) (282,798)	- (19,436) (282,798)	- (59,705) (59,705)	- (5,766) (5,766)	- (5,766) (5,766)	- (5,766) (5,766)
I.D.E.A. Preschool Subtotal	84.173 84.173	H173A150114 H173A150114	IDEA-3200-16 IDEA-3200-14	9/1/15-8/30/16 9/1/13-8/30/14	22,537 24,008	(4,380) (4,380)	- (4,380)	13,670 18,050	(19,436) (19,436)	- (19,436)	- (19,436)	- (6,766)	- (6,766)	- (6,766)	- (6,766)
Total I.D.E.A. Special Education Cluster						(11,855)	-	248,883	(302,234)	-	(265)	-	(65,471)	-	-
Total U.S. Department of Education						(26,158)	-	341,251	(417,648)	-	(265)	-	(102,820)	-	-
Total Federal Financial Awards						(37,712)	-	416,945	(491,803)	-	(265)	-	(112,835)	-	-

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT		CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	DUE TO GRANTOR JUNE 30, 2016	MEMO	
				JUNE 30, 2015	JUNE 30, 2016						BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:												
General Fund:												
Equalization Aid	16-495-034-5120-078	\$ 2,349,161	7/1/15-6/30/16	\$ -	\$ 2,349,161	\$ (2,349,161)	\$ -	\$ -	\$ -	\$ -	\$ 221,301	\$ 2,349,161
Special Education Aid	16-495-034-5120-089	1,263,326	7/1/15-6/30/16	-	1,263,326	(1,263,326)	-	-	-	-	119,011	1,263,326
Extraordinary Aid	16-495-034-5120-044	283,093	7/1/15-6/30/16	-	-	(283,093)	-	-	(283,093)	-	-	283,093
Extraordinary Aid	15-495-034-5120-044	246,322	7/1/14-6/30/15	(246,322)	-	-	-	-	-	-	-	-
Categorical Security Aid	16-495-034-5120-084	160,905	7/1/15-6/30/16	-	160,905	(160,905)	-	-	-	-	15,158	160,905
Categorical Transportation Aid	16-495-034-5120-014	634,121	7/1/15-6/30/16	-	634,121	(634,121)	-	-	-	-	59,737	634,121
Adjustment Aid	16-495-034-5120-085	339,326	7/1/15-6/30/16	-	339,326	(339,326)	-	-	-	-	31,966	339,326
Per Pupil Growth Aid	16-495-034-5120-097	18,105	7/1/15-6/30/16	-	18,105	(18,105)	-	-	-	-	1,705	18,105
PARCC Readiness	16-495-034-5120-098	18,105	7/1/15-6/30/16	-	18,105	(18,105)	-	-	-	-	1,705	18,105
Reimbursed Nonpublic Transportation Aid	16-100-034-5120-014	31,834	7/1/15-6/30/16	-	31,834	(31,834)	-	-	(31,834)	-	-	31,834
Reimbursed Nonpublic Transportation Aid	15-100-034-5120-014	37,021	7/1/12-6/30/13	(37,021)	-	-	-	-	-	-	-	-
On-Behalf TPAF Pension	16-100-034-5095-116	749,061	7/1/15-6/30/16	-	749,061	(749,061)	-	-	-	-	-	749,061
Contributions (Nonbudgeted)	16-100-034-5095-116	891,925	7/1/15-6/30/16	-	891,925	(891,925)	-	-	-	-	-	891,925
Medical (Nonbudgeted)	16-100-034-5095-116	694,814	7/1/15-6/30/16	-	660,807	(694,814)	-	(34,007)	-	-	-	694,814
Reimbursement TPAF Social Security	16-100-034-5095-002	712,504	7/1/14-6/30/15	(35,178)	35,178	-	-	-	-	-	-	-
Reimbursement TPAF Social Security	15-100-034-5095-002			(318,521)	7,403,363	(7,433,776)	-	-	(348,934)	-	450,583	7,433,776
Total General Fund												
Special Revenue Fund:												
Nonpublic E.S.L.	15-100-034-5120-067	914	7/1/14-6/30/15	914	-	-	-	(914)	-	-	-	-
Nonpublic Corrective Speech	14-100-034-5120-066	1,562	7/1/13-6/30/14	87	-	-	-	(87)	-	-	-	-
Total Special Revenue Fund				1,001	-	-	-	(1,001)	-	-	-	-
Capital Projects Fund:												
New Septic System	SP#-3200-080-14-1001	205,977	1/6/14-	(205,977)	-	-	-	-	(205,977)	-	-	-
Total Capital Projects Fund				(205,977)	-	-	-	-	(205,977)	-	-	-
Debt Service Fund:												
Debt Service Aid Type II	16-100-034-5120-125	124,289	7/1/15-6/30/16	-	124,289	(124,289)	-	-	-	-	-	124,289
Total Debt Service Fund				-	124,289	(124,289)	-	-	-	-	-	124,289
State Department of Agriculture:												
Enterprise Fund:												
School Lunch Program (State Share)	16-100-010-3360-066	3,504	7/1/15-6/30/16	-	2,905	(3,504)	-	-	(599)	-	-	3,504
School Lunch Program (State Share)	15-100-010-3360-066	3,543	7/1/14-6/30/15	(686)	686	-	-	-	-	-	-	-
Total Enterprise Fund				(686)	3,591	(3,504)	-	-	(599)	-	-	3,504
Total State Financial Assistance				\$ (524,183)	\$ 7,531,243	(7,561,569)	\$ -	(1,001)	\$ (555,510)	\$ -	\$ 450,583	\$ 7,561,569
Less: State Financial Assistance Not Subject to Major Program Determination												
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)	16-100-034-5095-116	891,925	7/1/15-6/30/16	-	-	-	-	-	-	-	891,925	-
On-Behalf TPAF Pension Contributions (Nonbudgeted)	16-100-034-5095-116	749,061	7/1/15-6/30/16	-	-	-	-	-	-	-	749,061	-
Total State Financial Assistance Subject to Major Program Determination											\$ (5,970,583)	

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**MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016**

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 state awards received directly from agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

Note 2: Summary of Significant Accounting Policies

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. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Millstone Township School District did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Millstone Township School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the

MILLSTONE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued):
FOR THE YEAR ENDED JUNE 30, 2016

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

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 one or more state aid June payments 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 (\$4,312) for the general fund and \$0 for the special revenue fund. See Exhibit C-3, notes to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 7,438,088	\$ 7,438,088
Special Revenue Fund	417,648	-	417,648
Debt Service Fund	-	124,289	124,289
Food Service Fund	74,155	3,504	77,659
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	\$ 491,803	\$ 7,565,881	\$ 8,057,384

Note 4: Relationship to Federal and State Financial Reports

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

Note 5: Other

Revenues and expenditures reported 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, 2016. 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, 2016.

Note 6: Federal and State Loans Outstanding

The Millstone Township School District had no loan balances outstanding at June 30, 2016.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? No
- 2) Significant deficiencies identified that are not considered to be material weaknesses? None Reported

Noncompliance material to basic financial Statements noted? No

Federal Awards – NOT APPLICABLE

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee?

Internal Control over major programs:

- 1) Material weakness(es) identified?
- 2) Significant deficiencies identified that are not considered To be material weaknesses?

Type of auditor’s report issued on compliance for major programs

Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200 Section .516(a) of the Uniform Guidance?

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
		NOT APPLICABLE

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200 Section .516(a) of the Uniform Guidance or NJOMB Circular Letter 15-08 as applicable?	No

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-089	Special Educational Categorical Aid
495-034-5120-085	Adjustment Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016
(continued)**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

Section III – Schedule of Federal Award Findings & Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Not Applicable

Section IV –State Financial Assistance Findings & Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

No Current Year Findings

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (¶.511 (a)(b)) and NJOMB's Circular 04-04 and/or 15-08, as applicable.

Status of Prior Year Findings

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.

Current Status:

This condition has been corrected for the year ended June 30, 2016.