

MILLTOWN SCHOOL DISTRICT

Milltown, New Jersey

County of Middlesex

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MILLTOWN BOARD OF EDUCATION

MILLTOWN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION

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MILLTOWN SCHOOL DISTRICT

Board of Education
21 West Church Street
Milltown, New Jersey 08850-1643
732-214-2365
www.milltownps.org



Norma Tursi
Business Administrator
Board Secretary

Heidi Corrente
Gloria Jozefowicz
Business Services Office

November 16, 2016

Honorable President and
Members of the Board of Education
Milltown School District
Milltown, New Jersey 08550

Dear Members of the Board of Education:

I am pleased to submit The Comprehensive Annual Financial Report of the Milltown Board of Education (hereafter the "District") for the fiscal year ending June 30, 2016. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge, 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 the results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes the independent Auditor's Report, Management Discussion and Analysis (MD&A) and the basic financial statements including the government-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The Statistical section includes selected financial and demographic information presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey 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.

1. REPORTING ENTITY AND ITS SERVICES: The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board as established by GASB No. 14. All funds of the District are included in this report. Milltown Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8.

In the 2015-2016 fiscal year the District's official enrollment was 715 students. The following details the changes in the student enrollment of the District over the last ten years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	715	4.99%
2014-2015	681	0.29%
2013-2014	679	4.78%
2012-2013	648	-4.28%
2011-2012	677	1.35%
2010-2011	668	-1.18%
2009-2010	676	-0.73%
2008-2009	681	0.15%
2007-2008	680	-1.88%
2006-2007	693	0.00%

2. ECONOMIC CONDITION AND OUTLOOK: The economic environment for the past fiscal year has been characterized by many as the worst economic downturn since the Great Depression of the 1930's. While the economy today is showing some signs of positive economic growth, there are still many uncertainties for the future. The unemployment rate in Milltown increased from 4.10% to 4.30% from 2007 to 2015, according to the Bureau of Labor Statistics. Per capita income for Borough Milltown increased to \$52,486.00 for 2014, the latest available year, compared to the revised New Jersey Department of Labor and Workforce Development income data of \$46,519.00 for 2007.

The major funding source for the operating budget continues to be the local tax levy. The local tax levy funded 71.14% of the 2015-2016 budget. The reliance on the local taxpayers to fund the majority of the District's budget will likely continue under the provisions of the School Funding Reform Act of 2008. According to the NJ Department of Education, Office of School Funding, the District's tax levy exceeds the Local Fair Share and the district's total budget exceeds the "adequacy model" used to calculate state aid.

3. MAJOR INITIATIVES:

- Technology
- Green Team
- Student Achievement

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

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund and debt service fund. Project-length budgets are approved for

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

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

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

7. CASH MANAGEMENT: The investment policy of the District is by state statute as detailed in "Notes to the Financial Statements", Note 1. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

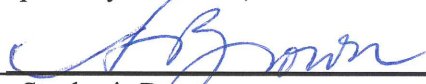
9. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports, related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Milltown Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully Submitted,



Dr. Stephanie Brown
Superintendent of Schools



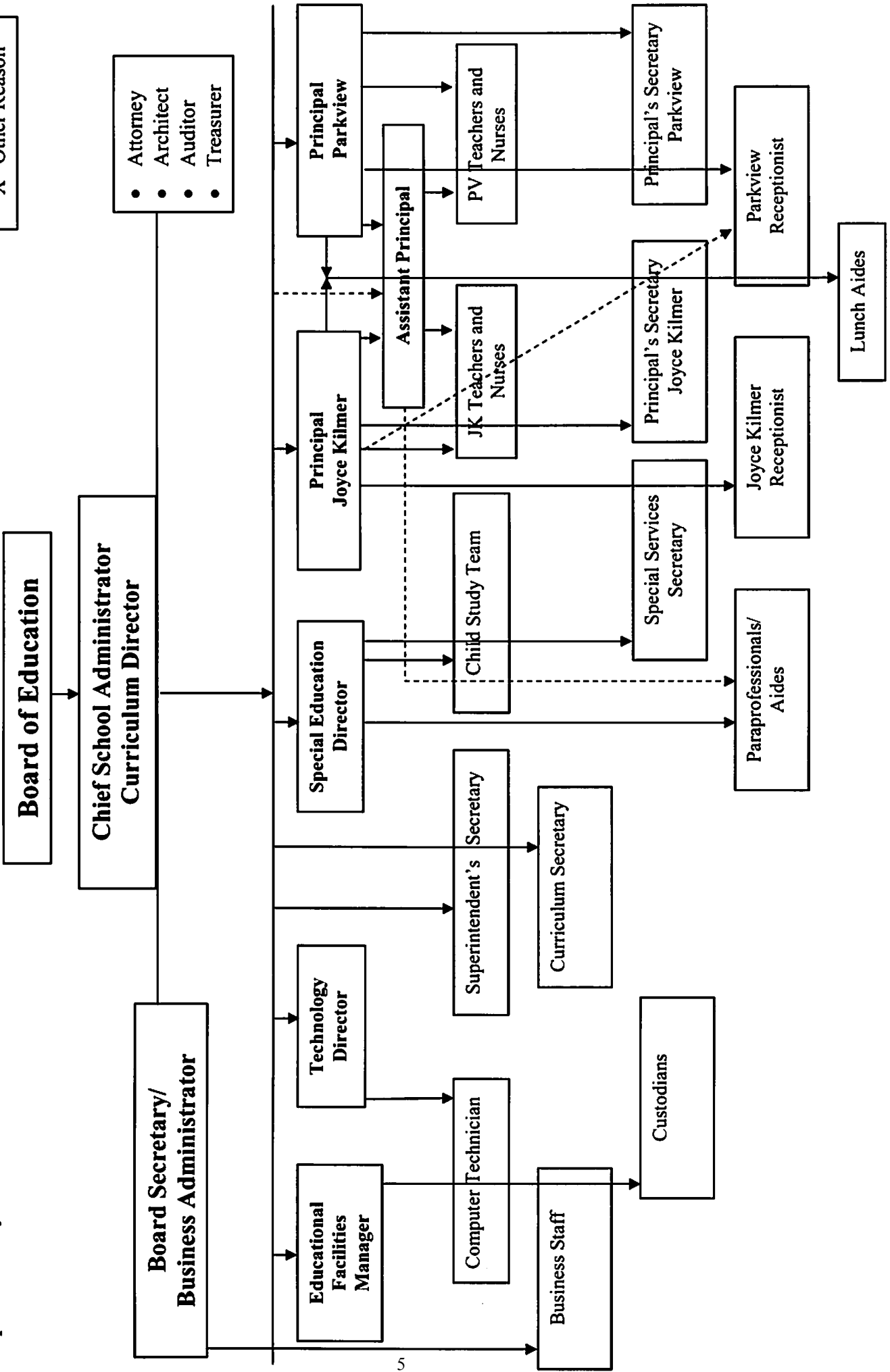
Norma Tursi
Business Administrator/Board Secretary

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ORGANIZATIONAL CHART

File Code: 2120
 Monitored
 Mandated
 Other Reason

- Attorney
- Architect
- Auditor
- Treasurer



MILLTOWN SCHOOL DISTRICT

MILLTOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2016

Members of the Board of Education

TERM EXPIRES

William Petscavage - President	2019
Philip Paladino - Vice President	2017
Carolyn Viola	2019
Dawn Milburn	2019
Carl Schneider	2017
Jim Lloyd	2018
Felipe Zambrana, Jr.	2017
JoAnne Demetrio	2018
Christine Mehr	2018

Other Officials

Dr. Stephanie Brown, Superintendent of Schools

Norma Tursi, Business Administrator/Board Secretary

Michele Loree, Treasurer of School Monies

Anthony P. Sciarrillo, Board Attorney

MILLTOWN SCHOOL DISTRICT

MILLTOWN, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2016

AUDITOR/AUDIT FIRM

Robert W. Allison, CPA, RMA
Holman Frenia Allison, P. C.
912 Highway 33, Suite 2
Freehold, New Jersey 07728

ATTORNEY

Anthony P. Sciarrillo Esq.
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07091

OFFICIAL DEPOSITORYS

TD Bank
175 Wyckoff Road
Eatontown, New Jersey 07724

Valley National Bank
94 North Main Street
Milltown, New Jersey 08850

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Milltown School District
County of Middlesex
Milltown, New Jersey 08850

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 Milltown School District, County of Middlesex, 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 Milltown School District, County of Middlesex, 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 and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Milltown 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 Federal Awards and 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 November 16, 2016 on our consideration of the Milltown 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 Milltown School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 16, 2016

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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MILLTOWN SCHOOL DISTRICT
MILLTOWN, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED

The discussion and analysis of Milltown School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

This is the eleventh year the School District has had to prepare financial statements following GASB Statement 34; however governmental bodies were not required to restate prior periods for purposes of providing the comparative data for this report. Comparisons to fiscal year 2014-2015, however, are available and shown in the financial statements.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ◆ General revenues accounted for \$16,021,015.34 in revenue or 77.70% of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$4,598,519.75 or 22.30% of total revenues of \$20,619,535.09.
- ◆ Total Net Position of governmental activities increased by \$432,779.65.
- ◆ The School District had \$20,203,733.71 in expenses; only \$4,598,519.75 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$16,021,015.34 were not adequate to provide for these programs.
- ◆ The General Fund had \$16,167,623.49 in revenues and transfers and \$15,918,823.90 in expenditures and transfers. The General Fund's balance increased \$248,799.59 from 2015.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Milltown School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Milltown School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ◆ Governmental Activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds is included in the 2015-16 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's Net Position as of June 30, 2016 and 2015.

Table 1
Net Position

	2016	2015
Assets		
Cash and Cash Equivalents	\$ 321,130.40	\$ 650,333.53
Receivables, Net	349,334.24	269,753.25
Inventory	3,705.79	3,705.86
Restricted Assets:		
Cash and Cash Equivalents	695,178.75	205,973.15
Capital Assets, Net	<u>9,422,119.39</u>	<u>9,747,161.68</u>
Total Assets	<u>10,791,468.57</u>	<u>10,876,927.47</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	<u>697,711.00</u>	<u>257,620.00</u>
Total Deferred Outflows of Resources	<u>697,711.00</u>	<u>257,620.00</u>
Total Assets and Deferred Outflows of Resources	<u>11,489,179.57</u>	<u>11,134,547.47</u>
Liabilities:		
Accounts Payable	707.70	3,528.23
Pensions Payable	-	118,655.00
Accrued Interest Payable	49,466.67	61,908.33
Unearned Revenue	5,186.28	4,142.92
Noncurrent Liabilities:		
Due Within One Year	680,290.70	650,290.70
Due Beyond One Year	<u>8,121,092.55</u>	<u>7,991,843.00</u>
Total Liabilities	<u>8,856,743.90</u>	<u>8,830,368.18</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	<u>49,812.00</u>	<u>137,357.00</u>
Total Deferred Inflows of Resources	<u>49,812.00</u>	<u>137,357.00</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,906,555.90</u>	<u>8,967,725.18</u>
Net Position		
Net Investment in Capital Assets	4,040,119.39	3,715,161.68
Restricted for:		
Debt Service	(49,466.67)	(61,908.33)
General Fund	945,339.26	484,204.91
Unrestricted	<u>(2,353,368.31)</u>	<u>(1,970,635.97)</u>
	<u>\$ 2,582,623.67</u>	<u>\$ 2,166,822.29</u>

Table 2 provides a comparison analysis of District-wide changes in Net Position from fiscal years 2015 and 2016.

Table 2
Changes in Net Position

	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 150,686.16	\$ 119,893.79
Operating Grants and Contributions	934,942.84	922,302.21
General Revenues:		
Property Taxes	14,700,845.00	14,042,771.00
Grants and Entitlements	172,443.00	210,585.00
Other	<u>62,098.34</u>	<u>41,634.92</u>
Total Revenues	<u>16,021,015.34</u>	<u>15,337,186.92</u>
Program Expenses:		
Instruction	4,618,484.52	4,580,773.19
Support Services:		
Pupils and Instructional Staff	4,968,316.30	5,442,652.43
General Administration, School Administration		
Administration, Business Operations and	2,110,304.88	1,863,942.34
Maintenance of Facilities	1,005,766.20	939,689.47
Pupil Transportation	454,607.63	496,986.84
Employee Benefits	1,778,152.73	1,560,361.47
Interest & Charges on Long-Term Debt	194,133.34	220,991.46
Transfer to Charter School	53,467.00	31,106.00
Adjustment to Fixed Assets	-	20,983.91
Unallocated Depreciation and Amortization	392,724.88	390,346.39
Food Service	<u>29,256.48</u>	<u>15,531.01</u>
Total Expenses	<u>15,605,213.96</u>	<u>15,563,364.51</u>
Increase/(Decrease) in Net Position	<u>415,801.38</u>	<u>(226,177.59)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 84.29 percent of revenues for governmental activities for the Milltown School District for fiscal year 2016. The School District's total revenues were \$17,440,742.25 for the fiscal year ended June 30, 2016. Federal, state and local grants accounted for another 15.26 percent.

The total cost of all program and services was \$20,203,733.71. Instruction comprises 24.99 percent of School District expenses.

Business-Type Activities

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

- ◆ Food service expenditures exceeded revenues by \$16,978.27.
- ◆ Charges for services represent \$121,658.66 of revenue. This represents the amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$49,319.97.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	Governmental Activities			
	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 5,048,241.96	\$ 4,618,484.52	\$ 4,795,310.82	\$ 4,580,773.19
Support Services:				
Pupils and Instructional Staff	6,148,238.77	6,132,424.95	6,553,276.00	6,534,062.25
General Administration				
School Administration,				
Business	946,196.23	946,196.23	772,532.52	772,532.52
Operation and Maintenance				
of Facilities	886,093.71	886,093.71	939,689.47	939,689.47
Pupil Transportation	523,696.63	454,607.63	568,196.84	496,986.84
Employee Benefits	5,691,033.59	1,778,152.73	3,197,044.08	1,560,361.47
Transfer to Charter School	53,467.00	53,467.00	31,106.00	31,106.00
Adjustments to Fixed Assets	119,672.49	119,672.49	20,983.91	20,983.91
Unallocated Depreciation	392,724.88	392,724.88	390,346.39	390,346.39
Interest and Fiscal Charges	194,133.34	194,133.34	220,991.46	220,991.46
Total Expenses	<u>\$ 20,003,498.60</u>	<u>\$ 15,575,957.48</u>	<u>\$ 17,489,477.49</u>	<u>\$ 15,547,833.50</u>

Governmental Activities (continued)

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Employee Benefits includes expenses to pay for health and other employee related deductions and reimburse employees for professional development.

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

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds is included in the 2015-16 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, and Debt Service Fund presented in the fund-based statements) had total revenues of \$17,440,742.25 and expenditures of \$17,191,942.66. The net positive/(negative) change in fund balance for the year was most significant in the General Fund, an increase of \$248,799.59.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior-year revenues.

	Amount	Percent of Total	Increase/ (Decrease) From 2014/15	Percent of Increase/ (Decrease)
Local Sources	\$ 14,779,692.63	84.74%	\$ 698,967.07	4.73%
State Sources	2,249,265.16	12.90%	131,338.78	5.84%
Federal Sources	<u>411,784.46</u>	<u>2.36%</u>	<u>181,122.85</u>	<u>43.98%</u>
Total	<u>\$ 17,440,742.25</u>	<u>100.00%</u>	<u>\$ 1,011,428.70</u>	<u>5.80%</u>

The School District’s Funds (continued)

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2016.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) from 2014/15	Percent Increase/ (Decrease)
Current:				
Instruction	\$ 5,048,241.96	29.36%	\$ 252,931.14	5.01%
Undistributed Expenditures	11,089,940.68	64.51%	(87,766.98)	-0.79%
Capital Outlay	197,185.02	1.15%	(2,428.17)	-1.23%
Debt Service:			-	
Principal	650,000.00	3.78%	25,000.00	3.85%
Interest	<u>206,575.00</u>	<u>1.20%</u>	<u>(25,837.00)</u>	<u>-12.51%</u>
Total	<u>\$ 17,191,942.66</u>	<u>100.00%</u>	<u>\$ 161,898.99</u>	<u>0.94%</u>

General Fund Budgeting Highlights

The School District’s budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2016, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Staffing changes based on student needs.
- ◆ Additional costs for student transportation both in regular education and special education.
- ◆ Accounting changes in maintenance and operations.
- ◆ Changes in appropriations to prevent budget overruns.

While the School District’s final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$248,799.59 increase in surplus funds for a total unassigned free balance (“GAAP”) of \$214,329.58 at June 30, 2016.

Capital Assets – Governmental Activities

At the end of the fiscal year 2016, the School District governmental activities had \$9,358,997.60 invested in land, building and building improvements, and machinery and equipment.

Capital Assets (Net of Depreciation) at June 30, 2016 and 2015

	2016	2015
Land	\$ 211,421.50	\$ 211,421.50
Construction in Progress	21,950.00	21,950.00
Site Improvements	35,777.15	39,883.80
Building and Building Improvements	8,740,294.67	9,047,332.39
Machinery and Equipment	<u>349,554.28</u>	<u>353,912.96</u>
Total	<u>\$ 9,358,997.60</u>	<u>\$ 9,674,500.65</u>

Debt Administration

At June 30, 2016, the School District had \$5,703,246.25 as outstanding debt. Of this amount, \$321,246.25 is for compensated absences and \$5,382,000.00 for bonds for school construction.

For the Future

The Milltown Public School District is committed to providing an outstanding academic program in safe, well-maintained buildings. To that end, future plans will need to address replacing HVAC sources at both schools, communication lines and equipment, security measures, and overall air quality. The computer lab and school networking solutions will continue to be upgraded as technology continues to evolve. Staff professional development will enable teachers to stay abreast of research and programming that contributes to student achievement.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, please contact Norma Tursi, School Business Administrator/Board Secretary at Milltown Board of Education, 21 W. Church Street, Milltown, NJ 08850 or email at ntursi@milltownps.org.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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**MILLTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016**

ASSETS	Governmental Activities	Business -Type Activities	Total
Cash and Cash Equivalents	\$ 306,319.22	\$ 14,811.18	\$ 321,130.40
Receivables, net	346,457.97	2,876.27	349,334.24
Internal Balances	82,201.75	(82,201.75)	-
Inventory	-	3,705.79	3,705.79
Restricted Cash and Cash Equivalents	695,178.75	-	695,178.75
Capital Assets, Net (Note 6)	9,358,997.60	63,121.79	9,422,119.39
Total Assets	10,789,155.29	2,313.28	10,791,468.57
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	697,711.00	-	697,711.00
Total Deferred Outflows of Resources	697,711.00	-	697,711.00
Total Assets and Deferred Outflows of Resources	11,486,866.29	2,313.28	11,489,179.57
LIABILITIES			
Accounts Payable	707.70	-	707.70
Accrued Interest	49,466.67	-	49,466.67
Unearned Revenue	0.50	5,185.78	5,186.28
Noncurrent Liabilities (Note 8):			
Due Within One Year	680,000.00	-	680,000.00
Due Beyond One Year	8,121,383.25	-	8,121,383.25
Total Liabilities	8,851,558.12	5,185.78	8,856,743.90
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	49,812.00	-	49,812.00
Total Deferred Inflows of Resources	49,812.00	-	49,812.00
Total Liabilities and Deferred Inflows of Resources	8,901,370.12	5,185.78	8,906,555.90
NET POSITION			
Net Investment in Capital Assets	3,976,997.60	63,121.79	4,040,119.39
Restricted for:			
Debt Service	(49,466.67)	-	(49,466.67)
General Fund	945,339.26	-	945,339.26
Unrestricted	(2,287,374.02)	(65,994.29)	(2,353,368.31)
Total Net Position	\$ 2,585,496.17	\$ (2,872.50)	\$ 2,582,623.67

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

**MILLTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
Instruction:							
Regular	\$ 3,402,418.31	\$ 29,027.50	\$ -	\$ -	\$ (3,373,390.81)	\$ -	\$ (3,373,390.81)
Special Education	1,253,754.63	-	400,729.94	-	(853,024.69)	-	(853,024.69)
Other Special Instruction	249,584.21	-	-	-	(249,584.21)	-	(249,584.21)
Other Instruction	142,484.81	-	-	-	(142,484.81)	-	(142,484.81)
Support Services:							
Tuition	4,968,316.30	-	-	-	(4,968,316.30)	-	(4,968,316.30)
Student and Instruction Related Services	1,179,922.47	-	15,813.82	-	(1,164,108.65)	-	(1,164,108.65)
School Administrative Services	293,092.73	-	-	-	(293,092.73)	-	(293,092.73)
General Administrative Services	401,279.82	-	-	-	(401,279.82)	-	(401,279.82)
Central Services	251,823.68	-	-	-	(251,823.68)	-	(251,823.68)
Administrative Informational Technology	-	-	-	-	-	-	-
Plant Operations and Maintenance	1,005,766.20	-	-	-	(1,005,766.20)	-	(1,005,766.20)
Pupil Transportation	523,696.63	-	69,089.00	-	(454,607.63)	-	(454,607.63)
Employee Benefits	5,691,033.59	-	3,912,880.86	-	(1,778,152.73)	-	(1,778,152.73)
Transfer To Charter School	53,467.00	-	-	-	(53,467.00)	-	(53,467.00)
Interest and Charges on Long-Term Debt	194,133.34	-	-	-	(194,133.34)	-	(194,133.34)
Unallocated Depreciation and Amortization	392,724.88	-	-	-	(392,724.88)	-	(392,724.88)
Total Government Activities	20,003,498.60	29,027.50	4,398,513.62	-	(15,575,957.48)	-	(15,575,957.48)
BUSINESS-TYPE ACTIVITIES							
Food Service	200,235.11	121,658.66	49,319.97	-	-	(29,256.48)	(29,256.48)
Total Business-Type Activities	200,235.11	121,658.66	49,319.97	-	-	(29,256.48)	(29,256.48)

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

**MILLTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Total Primary Government	\$ 20,203,733.71	\$ 150,686.16	\$ 4,447,833.59	\$ -	(15,575,957.48)	(29,256.48)	(15,605,213.96)
GENERAL REVENUES							
Property Taxes Levied for:							
					14,016,713.00	-	14,016,713.00
					684,132.00	-	684,132.00
					1,085,629.00	-	1,085,629.00
					172,443.00	-	172,443.00
					49,820.13	12,278.21	62,098.34
Total General Revenues					16,008,737.13	12,278.21	16,021,015.34
Change in Net Position					432,779.65	(16,978.27)	415,801.38
Net Position - Beginning					2,152,716.52	14,105.77	2,166,822.29
Net Position - Ending					\$ 2,585,496.17	\$ (2,872.50)	\$ 2,582,623.67

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B. Fund Financial Statements

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Governmental Funds

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**MILLTOWN SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016**

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 553,364.80	\$ -	\$ 553,364.80
Interfund Receivable	141,341.67	-	141,341.67
Intergovernmental Receivable - State	39,564.27	-	39,564.27
Intergovernmental Receivable - Federal	-	306,686.00	306,686.00
Other Receivables	-	207.70	207.70
Restricted Cash and Cash Equivalents	695,178.75	-	695,178.75
Total Assets	1,429,449.49	306,893.70	1,736,343.19
LIABILITIES & FUND BALANCES			
Liabilities:			
Cash Deficit	-	247,045.58	247,045.58
Interfund Payable	-	59,139.92	59,139.92
Payable To State of New Jersey	-	707.70	707.70
Unearned Revenue	-	0.50	0.50
Total Liabilities	-	306,893.70	306,893.70
Fund Balances:			
Restricted for:			
Excess Surplus - Current Year	200,000.00	-	200,000.00
Excess Surplus - Designated for Subsequent Years Expenditures	50,160.51	-	50,160.51
Capital Reserve	308,466.75	-	308,466.75
Maintenance Reserve	86,712.00	-	86,712.00
Tuition Reserve	300,000.00	-	300,000.00
Assigned to:			
Other Purposes	19,941.16	-	19,941.16
Designated for Subsequent Years Expenditures	249,839.49	-	249,839.49
Unassigned Fund Balance	214,329.58	-	214,329.58
Total Fund Balances	1,429,449.49	-	1,429,449.49
Total Liabilities and Fund Balances	<u>\$ 1,429,449.49</u>	<u>\$ 306,893.70</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$14,329,350.83 and the accumulated depreciation is \$4,970,353.23 (See Note 6).	9,358,997.60
Deferred outflows and inflows of resources related to pensions and deferred charges and/or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	647,899.00
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 8).	(8,801,383.25)
Accrued interest on long-term liabilities are not reported as liabilities in the governmental funds.	<u>(49,466.67)</u>
Net Position of Governmental Activities	<u>\$ 2,585,496.17</u>

**MILLTOWN SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Local Sources:				
Local Tax Levy	\$ 14,016,713.00	\$ -	\$ 684,132.00	\$ 14,700,845.00
Tuition	29,027.50	-	-	29,027.50
Miscellaneous	49,820.13	-	-	49,820.13
Total - Local Sources	14,095,560.63	-	684,132.00	14,779,692.63
State Sources	2,072,062.86	4,759.30	172,443.00	2,249,265.16
Federal Sources	-	411,784.46	-	411,784.46
Total Revenues	16,167,623.49	416,543.76	856,575.00	17,440,742.25
Expenditures:				
Current:				
Regular Instruction	3,402,418.31	-	-	3,402,418.31
Special Education Instruction	853,024.69	400,729.94	-	1,253,754.63
Other Special Instruction	249,584.21	-	-	249,584.21
Other Instruction	142,484.81	-	-	142,484.81
Support Services and Undistributed Costs:				
Tuition	4,968,316.30	-	-	4,968,316.30
Student and Instruction Related Services	1,164,108.65	15,813.82	-	1,179,922.47
General Administration	293,092.73	-	-	293,092.73
School Administrative Services	401,279.82	-	-	401,279.82
Central Services	251,823.68	-	-	251,823.68
Plant Operations and Maintenance	886,093.71	-	-	886,093.71
Pupil Transportation	523,696.63	-	-	523,696.63
Employee Benefits	2,532,248.34	-	-	2,532,248.34
Transfer To Charter School	53,467.00	-	-	53,467.00
Debt Service:				
Principal	-	-	650,000.00	650,000.00
Interest and Other Charges	-	-	206,575.00	206,575.00
Capital Outlay	197,185.02	-	-	197,185.02
Total Expenditures	15,918,823.90	416,543.76	856,575.00	17,191,942.66
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	248,799.59	-	-	248,799.59
Net Change in Fund Balance	248,799.59	-	-	248,799.59
Fund Balance - July 1	1,180,649.90	-	-	1,180,649.90
Fund Balance - June 30	\$ 1,429,449.49	\$ -	\$ -	\$ 1,429,449.49

**MILLTOWN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES/
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 248,799.59
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, on 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 current fiscal year.		
Depreciation Expense	\$ (393,015.58)	
Capital Outlay	77,512.53	(315,503.05)
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	118,655.00	
Unfunded TPAF Pension Expense	2,995,536.00	
State Share of Unfunded TPAF Pension Expense	(2,995,536.00)	
Pension Expense	(265,638.00)	(146,983.00)
Repayment of bond, loans and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		650,000.00
Bond discount, bond premium and issuance costs are amortized over the lives of the bonds in the Statement of Activities but are recorded as a reduction from the proceeds from sales of bonds in the governmental funds.		
		290.70
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; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
Prior Year	304,980.00	
Current Year	(321,246.25)	(16,266.25)
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest over the previous year is a addition in the reconciliation.		
Prior Year	61,908.33	
Current Year	(49,466.67)	12,441.66
Change in Net Position of Governmental Activities		<u>\$ 432,779.65</u>

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Proprietary Funds

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**MILLTOWN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2016**

	Business Type Activities Enterprise Funds
	Food Service
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 14,811.18
Receivable for Student Accounts	317.23
Receivable from Pomptonian	454.40
Inventory	3,705.79
Intergovernmental Receivables - State	89.48
Intergovernmental Receivables - Federal	2,015.16
	21,393.24
Total - Current Assets	21,393.24
Noncurrent Assets:	
Furniture, Machinery and Equipment	138,463.05
Less:	
Accumulated Depreciation	(75,341.26)
	63,121.79
Total - Noncurrent Assets	63,121.79
Total Assets	84,515.03
LIABILITIES	
Accounts Payable	-
Unearned Revenue	5,185.78
Interfund Payable	82,201.75
	87,387.53
Total Liabilities	87,387.53
NET POSITION	
Net Investment in Capital Assets	63,121.79
Unrestricted	(65,994.29)
	(2,872.50)
Total Net Position	\$ (2,872.50)

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

**MILLTOWN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016**

	Business Type Activities Enterprise Funds
	Food Service
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 71,138.45
Daily Sales - Nonreimbursable Programs	50,520.21
Miscellaneous Income	12,278.21
	133,936.87
Total Operating Revenues	
Operating Expenses:	
Purchased Professional Services	157,923.04
Management Fee	9,136.10
Depreciation Expense	7,939.24
Miscellaneous Expenditures	23,636.73
	198,635.11
Total Operating Expenses	
Operating Loss	(64,698.24)
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	1,550.02
Federal Sources:	
Federal School Lunch Program	34,756.70
Food Distribution Program	13,013.25
Adjustment to Capital Assets	(1,600.00)
	47,719.97
Total Nonoperating Revenues	
Change in Net Position	(16,978.27)
Total Net Position - Beginning	14,105.77
Total Net Position - Ending	\$ (2,872.50)

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

**MILLTOWN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2016**

	Business Type Activities Enterprise Funds
	Food Service
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 134,487.96
Payments To Suppliers & Professionals	(177,682.55)
	(43,194.59)
Net Cash Used For Operating Activities	
Cash Flows From Noncapital Financing Activities:	
State Sources	1,625.18
Federal Sources	35,165.92
	36,791.10
Net Cash Provided By Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	(6,403.49)
Balance - Beginning of Year	21,214.67
	\$ 14,811.18
Balance - End of Year	
Reconciliation of Operating Loss To Net Cash Provided By/ (Used For) Operating Activities:	
Operating Loss	\$ (64,698.24)
Adjustments To Reconcile Operating Loss To Net Cash Provided By/(Used For) Operating Activities:	
Food Distribution Program	13,013.25
Depreciation Expense	7,939.24
(Increase)/Decrease in Inventory	0.07
(Increase)/Decrease in Accounts Receivable for Students	(37.37)
(Increase)/Decrease in Accounts Receivable for MRESC	(454.40)
Increase/(Decrease) in Accounts Payable	-
Increase/(Decrease) in Unearned Revenue	1,042.86
	21,503.65
Total Adjustments	
Net Cash Used for Operating Activities	\$ (43,194.59)

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

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Fiduciary Fund

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**MILLTOWN SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

	AGENCY FUNDS	TRUST FUNDS	Total
ASSETS			
Cash and Cash Equivalents	\$ 29,454.98	\$ 74,061.95	\$ 103,516.93
Total Assets	<u>29,454.98</u>	<u>74,061.95</u>	<u>103,516.93</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable to Student Groups	148.63	-	148.63
	<u>29,306.35</u>	<u>-</u>	<u>29,306.35</u>
Total Liabilities	<u>29,454.98</u>	<u>-</u>	<u>29,454.98</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	-	74,061.95	74,061.95
Total Liabilities and Net Position	<u>\$ 29,454.98</u>	<u>\$ 74,061.95</u>	<u>\$ 103,516.93</u>

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

**MILLTOWN SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan Members	\$ 18,995.46
	18,995.46
Total Contributions	18,995.46
Investment Earnings:	
Interest	102.53
	102.53
Net Investment Earnings	102.53
Total Additions	19,097.99
DEDUCTIONS	
Quarterly Contribution Reports	7,750.76
Unemployment Claims	2,858.73
Transfers to General Fund	87.70
	10,697.19
Total Deductions	10,697.19
Change in Net Positon	8,400.80
Net Positon - Beginning of Year	65,661.15
Net Position - End of Year	\$ 74,061.95

MILLTOWN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

The financial statements of the Milltown Board of Education (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 Milltown Board of Education (hereafter referred to as the “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 Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the District is to educate students in grades kindergarten through twelfth at its three schools. The District has an approximate enrollment at June 30, 2016 of 715 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.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

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. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

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

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

Governmental Fund Financial Statements

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

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

Proprietary Fund Financial Statements

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

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.

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

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

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.

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 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

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

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

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.

The District reports the following major proprietary funds:

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

Additionally, the District reports the following major fiduciary funds:

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

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

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

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

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

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

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund

Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

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

Encumbrances

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

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

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

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.

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

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

Inventories

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

Short-Term Interfund Receivables/Payables

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

Capital Assets

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

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

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

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

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Use of Estimates

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

Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 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.

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

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

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.

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

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

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.

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.

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

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

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 01, 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 Deposits and Investments

Cash Deposits

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 GUDPA. Under the Act, the first \$250,000.00 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 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 \$2,069,319.26 was exposed to custodial credit risk as follows:

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 2. Cash Deposits and Investments (continued):

Insured Under FDIC	\$ 251,003.50
Uninsured and uncollateralized	<u>1,818,315.76</u>
Total	<u>\$ 2,069,319.26</u>

Investments

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank , which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure..

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 3. Reserve Accounts

A. Capital Reserve

A capital reserve account was established by the Milltown Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 01, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 19,261.15
Transfer per June Resolution	<u>289,205.60</u>
Ending Balance, June 30, 2016	<u><u>\$ 308,466.75</u></u>

The June 30, 2016 capital reserve balance does not exceed the LRFP balances of local support costs of uncompleted capital projects. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Rang Facilities Plan.

B. Maintenance Reserve Account

The District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both

The activity of the maintenance reserve for the July 01, 2015 to June 30, 2016 fiscal year is as follows:

Ending Balance, June 30, 2016	<u><u>\$ 86,712.00</u></u>
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C. Tuition Reserve Account

A tuition reserve account may be established in accordance with *NJA. C. 6A: 23-3.1 (j)* 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

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 3. Reserve Accounts (continued):

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 \$300,000 as of June 30, 2016 will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2016.

The activity of the tuition reserve for the July 01, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 100,000.00
Transfer per June Resolution	<u>200,000.00</u>
Ending Balance, June 30, 2016	<u><u>\$ 300,000.00</u></u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All state and federal 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	Proprietary Funds	Total
Intergovernmental	\$ 39,564.27	\$ 306,686.00	\$ 2,104.64	\$ 348,354.91
Other	-	207.70	771.63	979.33
Total	<u><u>\$ 39,564.27</u></u>	<u><u>\$ 306,893.70</u></u>	<u><u>\$ 2,876.27</u></u>	<u><u>\$ 349,334.24</u></u>

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2016, the District transferred \$0 to the capital outlay accounts.

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 211,421.50	\$ -	\$ -	\$ 211,421.50
Construction in Progress	21,950.00	-	-	21,950.00
Total capital assets not being depreciated	<u>233,371.50</u>	-	-	<u>233,371.50</u>
Capital Assets being depreciated:				
Site Improvements	158,357.15	-	-	158,357.15
Buildings	13,071,098.27	-	-	13,071,098.27
Machinery & Equipment	890,599.70	93,979.00	(118,054.79)	866,523.91
Total capital assets being depreciated	<u>14,120,055.12</u>	<u>93,979.00</u>	<u>(118,054.79)</u>	<u>14,095,979.33</u>
Less: accumulated depreciation:				
Site Improvements	(118,473.35)	(4,106.65)	-	(122,580.00)
Buildings	(4,023,765.88)	(307,037.72)	-	(4,330,803.60)
Machinery & Equipment	(536,686.74)	(81,871.21)	101,588.32	(516,969.63)
Total accumulated depreciation	<u>(4,678,925.97)</u>	<u>(393,015.58)</u>	<u>101,588.32</u>	<u>(4,970,353.23)</u>
Total capital assets being depreciated, net	<u>9,441,129.15</u>	<u>(299,036.58)</u>	<u>(16,466.47)</u>	<u>9,125,626.10</u>
Total Governmental Activities capital assets, net	<u>\$ 9,674,500.65</u>	<u>\$ (299,036.58)</u>	<u>\$ (16,466.47)</u>	<u>\$ 9,358,997.60</u>

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 6. Capital Assets (continued):

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-Type Activities:				
Capital assets being depreciated:				
Machinery & Equipment	\$ 143,381.28	\$ -	\$ (4,918.23)	\$ 138,463.05
Total capital assets being depreciated	<u>143,381.28</u>	<u>-</u>	<u>(4,918.23)</u>	<u>138,463.05</u>
Less: accumulated depreciation:				
Machinery & Equipment	(70,720.25)	(7,939.24)	3,318.23	(75,341.26)
Total accumulated depreciation	<u>(70,720.25)</u>	<u>(7,939.24)</u>	<u>3,318.23</u>	<u>(75,341.26)</u>
Total capital assets being depreciated, net	<u>72,661.03</u>	<u>(7,939.24)</u>	<u>(1,600.00)</u>	<u>63,121.79</u>
Total Business-type activities capital assets, net	<u>\$ 72,661.03</u>	<u>\$ (7,939.24)</u>	<u>\$ (1,600.00)</u>	<u>\$ 63,121.79</u>

Depreciation expense was charged to governmental functions/programs as follows:

Governmental Activities:	
Unallocated	<u>\$ 393,015.58</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 393,015.58</u></u>

Note 7. Interfund Receivables, Payables and Transfers

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 141,341.67	\$ -
Special Revenue Fund	-	59,139.92
Food Service Fund	<u>-</u>	<u>82,201.75</u>
	<u><u>\$ 141,341.67</u></u>	<u><u>\$ 141,341.67</u></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.

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 7. Interfund Receivables, Payables and Transfers (continued):

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.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 137,813.44	\$ -
Special Revenue Fund	-	55,611.69
Food Service Fund	-	82,201.75
	<u>\$ 137,813.44</u>	<u>\$ 137,813.44</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.

Note 8. Long-Term Obligations

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

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 304,980.00	\$ 16,266.25	\$ -	\$ 321,246.25	\$ -
General Obligation Bonds	6,032,000.00	-	(650,000.00)	5,382,000.00	680,000.00
Net Pension Liability	2,304,863.00	793,274.00	-	3,098,137.00	-
Unamortized Bond Premiums	290.70	-	(290.70)	-	-
Total	<u>\$ 8,642,133.70</u>	<u>\$ 809,540.25</u>	<u>\$ (650,290.70)</u>	<u>\$ 8,801,383.25</u>	<u>\$ 680,000.00</u>

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

A. Bonds Payable:

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

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 8. Long-Term Obligations (continued):

Principal and Interest due on the outstanding bonds is as follows:

Year-ending June 30,	Principal	Interest	Total
2017	680,000.00	181,500.00	861,500.00
2018	710,000.00	157,175.00	867,175.00
2019	735,000.00	131,887.50	866,887.50
2020	765,000.00	105,637.50	870,637.50
2021	800,000.00	77,850.00	877,850.00
2022-2023	1,692,000.00	64,050.00	1,756,050.00
Total	<u>\$ 5,382,000.00</u>	<u>\$ 718,100.00</u>	<u>\$ 6,100,100.00</u>

B. Bonds Authorized But Not Issued:

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

C. Capital Leases

As of June 30, 2016, the District had no capital leases.

Note 9. Pension Plans

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/annrpts.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.

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 9. Pension Plans (continued):

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

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 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.

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued):

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

Components of Pension Liability - At June 30, 2016, the District reported a liability of \$3,098,137.00 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 0.01380% percent, which was a increase of 0.00149% from its proportion measured as of June 30, 2014.

<u>Collective Balances at June 30, 2016 & June 30, 2015</u>		
	6/30/2016	6/30/2015
Actuarial Valuation Date	July 1, 2015	July 1, 2014
Deferred Outflows of Resources	\$ 697,711.00	\$ 257,620.00
Deferred Inflows of Resources	\$ 49,812.00	\$ 137,357.00
Net Pension Liability	\$ 3,098,137.00	\$ 2,304,863.00
District's Portion of the Plan's Total Net Pension Liability	0.01380%	0.01231%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$268,142.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued):

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and actual experience	\$ 73,911.00	\$ -
Changes of assumptions	332,715.00	-
Net difference between projected and actual earnings on pension plan investments	-	49,812.00
Changes in proportion and differences between district contributions and proportionate share of contributions	291,085.00	-
Total	\$ 697,711.00	\$ 49,812.00

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	112,015
2018	112,015
2019	112,015
2020	112,015
2021	112,015
Thereafter	87,824

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:

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 9. Pension Plans (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% Based on Age
Inflation rate	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:

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (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	100.00%	

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 as of June 30, 2015, 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:

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued):

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

	<u>Decrease</u>	<u>Discount</u>	<u>Increase</u>
	<u>(3.90%)</u>	<u>(4.90%)</u>	<u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 3,850,605.00	\$ 3,098,137.00	\$ 2,467,273.00

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.

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 9: 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.

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.

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 9: 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:

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 9: 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	100%	

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.

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 10. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2016.

Note 11. Risk Management

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

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

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

Fiscal Year	Interest Income	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ 102.53	\$ -	\$ 18,995.46	\$ 10,697.19	74,061.95
2014-2015	10.73	-	19,174.62	17,687.45	65,661.15
2013-2014	19.92	-	17,766.90	22,841.72	64,163.25

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 12. Contingencies

Joint Insurance Pool – The Milltown School District participates in the School Alliance Insurance Fund and, public entity risk pool. The Fund provides its members with the following coverage's:

Property – Blanket Building & Grounds	General & Automobile Liability
Boiler & Machinery	Workers' Compensation
School Board Legal Liability	Crime Coverage

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 13. Economic Dependency

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

Note 14. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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
The Legend Group
Lincoln Investment Planning
Security Benefit & Life
Valic Investments

MILLTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 15. Compensated Absences

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

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

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 \$321,246.25.

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.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. New Jersey school districts are required to 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 \$200,000.00.

Note 17. Fund Balance

General Fund – Of the \$1,429,449.49 General Fund fund balance at June 30, 2016, \$308,466.75 has been reserved in the Capital Reserve Account; \$86,712.00 has been reserved in the Maintenance Reserve Account; \$300,000.00 has been reserved in the Tuition Reserve Account; \$50,160.51 has been legally restricted for excess surplus in accordance with N.J.A.C. 6A:23A-3.1(f)(8); \$249,839.49 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$200,000.00 is restricted for current year excess surplus; \$19,941.16 has been reserved for encumbrances; and \$214,329.58 is unassigned.

MILLTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 18. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$49,466.67 at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$2,353,368.31 at June 30, 2016. The deficit is due to the final June state aid payment not recognized under GAAP and by the implementation of GASB 68 which requires the district to report their proportionate share of the net pension liability for the Public Employee’s Retirement System (PERS) at June 30, 2016.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**MILLTOWN SCHOOL DISTRICT
GENERAL 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	\$ 14,016,713.00	\$ -	\$ 14,016,713.00	\$ 14,016,713.00	\$ -
Tuition From Individuals	20,000.00	-	20,000.00	29,027.50	9,027.50
Rents and Royalties	15,000.00	-	15,000.00	18,866.46	3,866.46
Unrestricted Miscellaneous Revenues	400.00	-	400.00	30,953.67	30,553.67
Total Local Sources	14,052,113.00	-	14,052,113.00	14,095,560.63	43,447.63
State Sources:					
Categorical Special Education Aid	564,678.00	-	564,678.00	564,678.00	-
Equalization Aid	464,848.00	-	464,848.00	464,848.00	-
Categorical Security Aid	17,104.00	-	17,104.00	17,104.00	-
Categorical Transportation Aid	63,695.00	-	63,695.00	63,695.00	-
Extraordinary Aid	-	-	-	18,799.00	18,799.00
PARCC Readiness Aid	9,575.00	-	9,575.00	9,575.00	-
Per Pupil Growth Aid	9,575.00	-	9,575.00	9,575.00	-
Non-Public Transportation Aid	-	-	-	5,394.00	5,394.00
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	327,201.00	327,201.00
TPAF Normal Pension Cost (On-Behalf - Non-Budgeted)	-	-	-	274,792.00	274,792.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	315,351.86	315,351.86
Total State Sources	1,129,475.00	-	1,129,475.00	2,071,012.86	941,537.86
Federal Sources:					
Medicaid Reimbursement	6,222.00	-	6,222.00	-	(6,222.00)
Total Federal Sources	6,222.00	-	6,222.00	-	(6,222.00)
Total Revenues	15,187,810.00	-	15,187,810.00	16,166,573.49	978,763.49
EXPENDITURES					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool - Teachers	87,135.00	(35,107.00)	52,028.00	52,028.00	-
Kindergarten	101,122.00	(8,744.15)	92,377.85	75,657.00	16,720.85
Kindergarten - Other Salaries for Instruction	-	36,149.60	36,149.60	34,651.17	1,498.43
Grades 1-5	1,340,748.00	(105,604.94)	1,235,143.06	1,235,143.06	-

**MILLTOWN SCHOOL DISTRICT
GENERAL 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
Grades 6-8					
Regular Programs - Home Instruction:					
Salaries of Teachers	991,005.00	76,659.55	1,067,664.55	1,067,664.55	-
Purchased Professional - Educational Services	5,000.00	5,181.25	10,181.25	10,181.25	-
Regular Programs - Undistributed Instruction:	10,000.00	-	10,000.00	2,305.00	7,695.00
Other Salaries for Instruction	6,200.00	-	6,200.00	2,871.00	3,329.00
Purchased Professional & Educational Services	176,000.00	31,260.33	207,260.33	207,260.33	-
Purchased Technical Services	169,820.00	5,000.00	174,820.00	171,589.02	3,230.98
Other Purchased Services - PV	135,940.00	54,291.09	190,231.09	181,393.77	8,837.32
General Supplies	392,880.00	7,045.31	399,925.31	331,502.83	68,422.48
Textbooks	28,000.00	(5,000.00)	23,000.00	5,266.01	17,733.99
Other Objects	600.00	(600.00)	-	-	-
Miscellaneous Expenditures	-	600.00	600.00	267.57	332.43
Other Undistributed Instruction	-	25,218.00	25,218.00	24,637.75	580.25
Total Regular Programs - Instruction	3,444,450.00	86,349.04	3,530,799.04	3,402,418.31	128,380.73
Learning and/or Language Disabilities:					
Salaries of Teachers	48,265.00	27,836.00	76,101.00	76,101.00	-
Other Salaries for Instruction	73,867.00	(31,083.25)	42,783.75	42,158.66	625.09
General Supplies	600.00	-	600.00	581.11	18.89
Total Learning and/or Language Disabilities	122,732.00	(3,247.25)	119,484.75	118,840.77	643.98
Multiple Disabilities:					
Salaries of Teachers	53,109.00	(269.00)	52,840.00	52,840.00	-
Other Salaries for Instruction	58,516.00	(3,605.22)	54,910.78	40,255.50	14,655.28
General Supplies	600.00	-	600.00	384.00	216.00
Total Multiple Disabilities	112,225.00	(3,874.22)	108,350.78	93,479.50	14,871.28
Resource Room/Resource Center:					
Salaries of Teachers	317,851.00	(2,531.07)	315,319.93	269,060.70	46,259.23
Other Salaries for Instruction	270,500.00	-	270,500.00	267,532.07	2,967.93
General Supplies	3,000.00	-	3,000.00	2,222.28	777.72
Total Resource Room/Resource Center	591,351.00	(2,531.07)	588,819.93	538,815.05	50,004.88

**MILLTOWN SCHOOL DISTRICT
GENERAL 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
Preschool Disabilities - Full-Time					
Salaries of Teachers	47,757.00	15,977.00	63,734.00	63,733.00	1.00
Other Salaries for Instruction	55,000.00	(11,941.25)	43,058.75	37,409.60	5,649.15
General Supplies	1,200.00	281.75	1,481.75	746.77	734.98
Total Preschool Disabilities - Full-Time	103,957.00	4,317.50	108,274.50	101,889.37	6,385.13
Total Special Education - Instruction	930,265.00	(5,335.04)	924,929.96	853,024.69	71,905.27
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	227,099.00	-	227,099.00	196,228.32	30,870.68
General Supplies	7,400.00	-	7,400.00	4,582.72	2,817.28
Total Basic Skills/Remedial - Instruction	234,499.00	-	234,499.00	200,811.04	33,687.96
Bilingual Education - Instruction:					
Salaries of Teachers	50,149.00	581.00	50,730.00	48,193.50	2,536.50
General Supplies	600.00	-	600.00	579.67	20.33
Total Bilingual Education - Instruction	50,749.00	581.00	51,330.00	48,773.17	2,556.83
School Sponsored Co/Extra-Curricular Activities - Instruction:					
Salaries	84,620.00	-	84,620.00	70,888.80	13,731.20
Purchased Services (300-500 series)	26,000.00	-	26,000.00	19,427.71	6,572.29
Supplies and Materials	17,100.00	-	17,100.00	13,814.54	3,285.46
Total School Sponsored Co/Extra-Curricular Activities - Instruction	127,720.00	-	127,720.00	104,131.05	23,588.95
School Sponsored Athletics - Instruction:					
Salaries	23,300.00	5,127.00	28,427.00	28,427.00	-
Purchased Services (300-500 series)	11,300.00	-	11,300.00	5,000.00	6,300.00
Supplies and Materials	24,000.00	2,572.75	26,572.75	4,926.76	21,645.99
Total School Sponsored Athletics - Instruction	58,600.00	7,699.75	66,299.75	38,353.76	27,945.99
Total - Instruction	4,846,283.00	89,294.75	4,935,577.75	4,647,512.02	288,065.73

**MILLTOWN SCHOOL DISTRICT
GENERAL 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
Undist. Expend. - Instruction:					
Tuition To Other LEAs Within the State - Regular	4,179,956.00	-	4,179,956.00	4,179,956.00	-
Tuition To Other LEAs Within the State - Special	757,477.00	-	757,477.00	600,465.44	157,011.56
Tuition To Private Schools for the Disabled Within State	289,980.00	(67,257.78)	222,722.22	187,894.86	34,827.36
Total Undist. Expend. - Instruction	5,227,413.00	(67,257.78)	5,160,155.22	4,968,316.30	191,838.92
Undist. Expend. - Health Services:					
Salaries	122,348.00	1,239.80	123,587.80	122,717.80	870.00
Purchased Professional and Technical Services	3,500.00	3,050.00	6,550.00	6,550.00	-
Supplies and Materials	3,000.00	-	3,000.00	2,243.60	756.40
Total Undist. Expend. - Health Services	128,848.00	4,289.80	133,137.80	131,511.40	1,626.40
Undist. Expend. - Speech, OT, PT & Related Services:					
Salaries	132,469.00	(4,254.00)	128,215.00	128,215.00	-
Purchased Professional - Educational Services	109,200.00	-	109,200.00	74,905.26	34,294.74
Total Undist. Expend. - Speech, OT, PT & Related Services	241,669.00	(4,254.00)	237,415.00	203,120.26	34,294.74
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	1,650.00	(1,320.00)	330.00	330.00	-
Purchased Prof. Ed. Services	-	10,526.00	10,526.00	10,526.00	-
Other Purchased Professional and Technical Services	31,200.00	-	31,200.00	4,112.13	27,087.87
Supplies and Materials	9,000.00	-	9,000.00	4,438.27	4,561.73
Total Undist. Expend. - Guidance	41,850.00	9,206.00	51,056.00	19,406.40	31,649.60
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	279,280.00	(7,863.50)	271,416.50	271,416.42	0.08
Salaries of Secretarial and Clerical Assistants	23,204.00	-	23,204.00	23,123.01	80.99
Other Purchased Professional and Technical Services	16,040.00	-	16,040.00	9,519.00	6,521.00

**MILLTOWN SCHOOL DISTRICT
GENERAL 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
Other Purchased Services (400-500 series)	4,500.00	-	4,500.00	2,139.16	2,360.84
Supplies and Materials	11,600.00	7,604.92	19,204.92	16,736.99	2,467.93
Other Objects	850.00	120.00	970.00	970.00	-
Total Undist. Expend. - Child Study Teams	335,474.00	(138.58)	335,335.42	323,904.58	11,430.84
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Other Professional Staff	46,242.00	-	46,242.00	37,215.55	9,026.45
Salaries of Sec. And Clerical Assis.	37,735.00	2,443.58	40,178.58	40,178.58	-
Other Salaries	90,270.00	-	90,270.00	90,270.00	-
Purchased Professional - Educational Services	56,900.00	-	56,900.00	37,896.64	19,003.36
Other Purchased Services (400-500 series)	2,000.00	-	2,000.00	-	2,000.00
Supplies and Materials	3,000.00	-	3,000.00	134.95	2,865.05
Other Objects	4,800.00	-	4,800.00	1,862.00	2,938.00
Total Undist. Expend. - Improvement of Instructional Services	240,947.00	2,443.58	243,390.58	207,557.72	35,832.86
Undist. Expend. - Educational Media/School Library:					
Salaries	86,262.00	(12,225.66)	74,036.34	74,035.34	1.00
Salaries Media Aides - PV	149,121.00	8,223.46	157,344.46	157,344.46	-
Supplies and Materials	16,850.00	-	16,850.00	13,702.82	3,147.18
Total Undist. Expend. - Educational Media/School Library	252,233.00	(4,002.20)	248,230.80	245,082.62	3,148.18
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Other Professional Staff	22,512.00	(1,530.00)	20,982.00	6,594.11	14,387.89
Purchased Professional - Educational Services	6,500.00	-	6,500.00	6,351.90	148.10
Other Purchased Services (400-500 series)	15,000.00	-	15,000.00	14,478.69	521.31
Supplies and Materials	8,500.00	-	8,500.00	6,100.97	2,399.03
Total Undist. Expend. - Instructional Staff Training Services	52,512.00	(1,530.00)	50,982.00	33,525.67	17,456.33
Undist. Expend. - Support Services - General Administration:					
Salaries	204,869.00	5,445.00	210,314.00	208,078.00	2,236.00
Legal Services	45,000.00	(31,814.14)	13,185.86	16,590.75	(3,404.89)
Audit Fees	28,400.00	2,615.00	31,015.00	31,015.00	-

**MILLTOWN SCHOOL DISTRICT
GENERAL 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
Communications/Telephone	21,803.00	4.86	21,807.86	19,748.17	2,059.69
BOE Other Purchased Services	3,000.00	254.60	3,254.60	3,254.60	-
General Supplies	5,000.00	-	5,000.00	3,242.93	1,757.07
Miscellaneous Expenditures	3,000.00	-	3,000.00	2,836.00	164.00
BOE Membership Dues and Fees	8,000.00	332.39	8,332.39	8,327.28	5.11
Total Undist. Expend. - Support Services - General Administration	319,072.00	(23,162.29)	295,909.71	293,092.73	2,816.98
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Prog. Dir.	235,822.00	0.08	235,822.08	235,822.08	-
Salaries of Secretarial and Clerical Assistants	142,622.00	10,956.32	153,578.32	148,797.41	4,780.91
Supplies and Materials	14,000.00	-	14,000.00	13,950.33	49.67
Other Objects	2,800.00	140.00	2,940.00	2,710.00	230.00
Total Undist. Expend. - Support Services - School Administration	395,244.00	11,096.40	406,340.40	401,279.82	5,060.58
Undist. Expend. - Central Services:					
Salaries	208,833.00	167.08	209,000.08	208,999.92	0.16
Purchased Professional Services	6,800.00	1,874.00	8,674.00	8,674.00	-
Purchased Technical Services	10,500.00	3,162.78	13,662.78	13,662.78	-
Miscellaneous Purchased Services	8,000.00	(1,278.97)	6,721.03	6,721.03	-
Other Purchased Services	3,000.00	(167.37)	2,832.63	2,763.33	69.30
Supplies and Materials	4,668.00	(1,668.00)	3,000.00	2,836.66	163.34
Interest on Lease Purchase Agreements	-	5,490.96	5,490.96	5,490.96	-
Miscellaneous Expenditures	2,600.00	75.00	2,675.00	2,675.00	-
Total Undist. Expend. - Central Services	244,401.00	7,655.48	252,056.48	251,823.68	232.80
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	67,117.00	-	67,117.00	67,116.96	0.04
Cleaning, Repair and Maintenance Services	73,050.00	2,200.00	75,250.00	62,592.69	12,657.31

**MILLTOWN SCHOOL DISTRICT
GENERAL 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
General Supplies	79,400.00	2,790.00	82,190.00	78,333.14	3,856.86
Other Objects	2,320.00	-	2,320.00	170.00	2,150.00
Total Undist. Expend. - Required Maintenance for School Facilities	221,887.00	4,990.00	226,877.00	208,212.79	18,664.21
Undist. Expend. - Custodial Services					
Salaries	333,188.00	9,190.62	342,378.62	330,212.48	12,166.14
Salaries of Non-Instructional Aides	40,000.00	(3,339.00)	36,661.00	33,422.45	3,238.55
Cleaning, Repair and Maintenance Services	52,500.00	20,303.76	72,803.76	64,674.79	8,128.97
Rental Land/Building Lease Purchased	5,000.00	-	5,000.00	3,962.00	1,038.00
Other Purchased Property Services	9,500.00	-	9,500.00	8,871.69	628.31
Insurance	85,000.00	2,523.81	87,523.81	87,523.81	-
General Supplies	30,550.00	-	30,550.00	25,119.29	5,430.71
Energy (Electricity)	80,000.00	-	80,000.00	71,205.20	8,794.80
Other Objects	1,300.00	-	1,300.00	1,161.17	138.83
Energy (Natural Gas)	40,000.00	-	40,000.00	24,406.69	15,593.31
Energy (Gasoline)	2,500.00	-	2,500.00	603.08	1,896.92
Total Undist. Expend. - Custodial Services	679,538.00	28,679.19	708,217.19	651,162.65	57,054.54
Undist. Expend. - Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	41,050.00	-	41,050.00	13,773.11	27,276.89
Supplies	17,250.00	-	17,250.00	5,460.76	11,789.24
Total Undist. Expend. - Care and Upkeep of Grounds	58,300.00	-	58,300.00	19,233.87	39,066.13
Undist. Expend. - Security:					
Cleaning, Repair and Maintenance Services	13,500.00	-	13,500.00	7,484.40	6,015.60
Total Undist. Expend. - Security	13,500.00	-	13,500.00	7,484.40	6,015.60
Total Undist. Expend. - Oper. & Maint. of Plant	973,225.00	33,669.19	1,006,894.19	886,093.71	120,800.48
Undist. Expend. - Student Transportation Services:					
Contracted Services (Other Than Bet. Home & School) - Vendors	16,000.00	-	16,000.00	11,750.00	4,250.00
Contracted Services (Regular Students) - ESCs & CTSAs	256,000.00	6,613.01	262,613.01	262,613.01	-

**MILLTOWN SCHOOL DISTRICT
GENERAL 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
Contracted Services (Special Ed. Students) - ESCs & CTSAs	310,000.00	(66,895.68)	243,104.32	218,329.78	24,774.54
Contracted Services - Aid in Lieu of Payments - NonPub Sch	28,000.00	3,824.00	31,824.00	31,003.84	820.16
Total Undist. Expend. - Student Transportation Services	610,000.00	(56,458.67)	553,541.33	523,696.63	29,844.70
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	130,000.00	28,237.20	158,237.20	158,237.20	-
Other Retirement Contributions - PERS	140,000.00	-	140,000.00	127,303.43	12,696.57
Other Retirement Contributions - ERIP	20,600.00	213.40	20,813.40	20,813.40	-
Workmen's Compensation	50,000.00	(1,592.20)	48,407.80	48,233.50	174.30
Health Benefits	1,160,000.00	-	1,160,000.00	1,095,407.73	64,592.27
Tuition Reimbursement	20,000.00	(5,000.00)	15,000.00	14,888.75	111.25
Other Employee Benefits	150,000.00	19.47	150,019.47	150,019.47	-
Total Unallocated Benefits - Employee Benefits	1,670,600.00	21,877.87	1,692,477.87	1,614,903.48	77,574.39
On-Behalf Contributions:					
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	327,201.00	(327,201.00)
TPAF Normal Pension Cost (On-Behalf - Non-Budgeted)	-	-	-	274,792.00	(274,792.00)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	315,351.86	(315,351.86)
Total On-Behalf Contributions	-	-	-	917,344.86	(917,344.86)
Total Personal Services - Employee Benefits	1,670,600.00	21,877.87	1,692,477.87	2,532,248.34	(839,770.47)
Total Undistributed Expenditures	10,733,488.00	(66,565.20)	10,666,922.80	11,020,659.86	(353,737.06)
Total Expenditures - Current Expense	15,579,771.00	22,729.55	15,602,500.55	15,668,171.88	(65,671.33)
CAPITAL OUTLAY					
Capital Outlay:					
Undistributed Expenditures:					
Undist. Expend. - Care and Upkeep of Grounds	10,000.00	20,879.00	30,879.00	30,879.00	-
Architectural/Engineering Services	17,834.00	-	17,834.00	15,060.00	2,774.00
Total Undistributed Expenditures	27,834.00	20,879.00	48,713.00	45,939.00	2,774.00
Total Equipment	27,834.00	20,879.00	48,713.00	45,939.00	2,774.00
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	2,068.00	-	2,068.00	-	2,068.00

**MILLTOWN SCHOOL DISTRICT
GENERAL 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
12-000-400-XXXX	210,237.00	(20,879.00)	189,358.00	151,246.02	38,111.98
Other Facilities Acq. & Constr. Services	212,305.00	(20,879.00)	191,426.00	151,246.02	40,179.98
Total Facilities Acquisition and Construction Services	240,139.00	-	240,139.00	197,185.02	42,953.98
Total Capital Outlay	53,470.00	-	53,470.00	53,467.00	3.00
Transfer To Charter School	15,873,380.00	22,729.55	15,896,109.55	15,918,823.90	(22,714.35)
Total Expenditures	(685,570.00)	(22,729.55)	(708,299.55)	247,749.59	956,049.14
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					

**MILLTOWN SCHOOL DISTRICT
GENERAL 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
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses Fund Balances, July 1	(685,570.00) 1,291,592.90	(22,729.55) -	(708,299.55) 1,291,592.90	247,749.59 1,291,592.90	956,049.14 -
Fund Balances, June 30	\$ 606,022.90	\$ (22,729.55)	\$ 583,293.35	\$ 1,539,342.49	\$ 956,049.14

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Reserve for Encumbrances	\$ 22,729.55
	<u>\$ 22,729.55</u>

RECAPITULATION OF FUND BALANCE

Restricted for:	\$
Capital Reserve	308,466.75
Maintenance Reserve	86,712.00
Tuition Reserve	300,000.00
Excess Surplus - Current Year	200,000.00
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	50,160.51
Assigned To:	
Year-End Encumbrances	19,941.16
Designated by the BOE for Subsequent Year's Expenditures	249,839.49
Unassigned	<u>324,222.58</u>
Reconciliation to Governmental Funds Statements (GAAP):	1,539,342.49
Last State Aid Payment Not Recognized on GAAP Basis	<u>(109,893.00)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,429,449.49</u>

**MILLTOWN SCHOOL DISTRICT
SPECIAL REVENUE 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:					
State Sources	\$ 66,831.00	\$ (61,864.00)	\$ 4,967.00	\$ 4,759.30	\$ (207.70)
Federal Sources	210,643.00	200,792.14	411,435.14	411,434.64	(0.50)
Total Revenues	277,474.00	138,928.14	416,402.14	416,193.94	(208.20)
Expenditures:					
Instruction:					
Salaries of Teachers	10,624.00	59,777.00	70,401.00	70,401.00	-
Other Salaries for Instruction	-	14,429.00	14,429.00	14,428.50	0.50
Purchased Services	-	11,276.14	11,276.14	11,276.14	-
Tuition	183,000.00	116,215.00	299,215.00	299,215.00	-
General Supplies	-	1,170.00	1,170.00	1,115.44	54.56
Textbooks	6,085.00	(4,943.00)	1,142.00	1,030.07	111.93
Other Objects	60,746.00	(57,441.00)	3,305.00	3,263.79	41.21
Total Instruction	260,455.00	140,483.14	400,938.14	400,729.94	208.20
Support Services:					
Purchased Professional- Educational Services	17,019.00	(1,555.00)	15,464.00	15,464.00	-
Total Support Services	17,019.00	(1,555.00)	15,464.00	15,464.00	-
Total Expenditures	277,474.00	138,928.14	416,402.14	416,193.94	208.20
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**MILLTOWN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI**

**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) "revenues" from the Budgetary Comparison Schedules	\$ 16,166,573.49	\$ 416,193.94
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	349.82
Prior Year	-	349.82
Current Year	-	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	110,943.00	-
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(109,893.00)	-
	<u>110,943.00</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 16,167,623.49</u>	<u>\$ 416,543.76</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 15,918,823.90	\$ 416,193.94
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	349.82
Prior Year	-	349.82
Current Year	-	-
	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,918,823.90</u>	<u>\$ 416,543.76</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

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**MILLTOWN 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)	0.01380%	0.01231%	0.01190%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset)	3,098,137.00	2,304,863.00	2,274,071	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	999,999.88	928,085.00	903,750	**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	309.81%	248.35%	251.63%	**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	47.93%	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.

**MILLTOWN 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	\$ 118,655.00	\$ 101,486.00	\$ 89,654.00	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	118,655.00	101,486.00	89,654.00	**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	\$ 999,999.88	\$ 928,085.00	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions as a percentage of covered-employee payroll	11.87%	12.78%	**N/A	**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.

**MILLTOWN 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)	0.03632%	0.03624%	0.03702%	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	\$ 22,955,766.00	\$ 19,368,294.00	\$ 18,710,988.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 4,184,526.68	\$ 3,627,625.00	\$ 3,685,170	**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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Milltown Board of Education
ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68) –
CHANGE OF BENEFIT TERMS AND ASSUMPTIONS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

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

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**MILLTOWN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COPMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	N.J. Nonpublic									
	Textbooks Aid	Nursing Aid	Technology Aid	Handicapped Services Ch. 193		I.D.E.A. Part B		No Child Left Behind		Total
Corrective Speech				Preschool	Basic	Preschool	Title I Part A	Title II Part A		
State Sources	1,030.07	1,758.79	465.44	1,505.00	-	-	-	-	-	4,759.30
Federal Sources	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 1,030.07	\$ 1,758.79	\$ 465.44	\$ 1,505.00	\$ 299,215.00	\$ 11,276.14	\$ 88,314.50	\$ 12,629.00	\$ 416,193.94	
<u>Expenditures</u>										
Instruction:										
Salaries of Teachers	-	-	-	-	-	-	-	-	-	70,401.00
Other Salaries for Instruction	-	-	-	-	-	-	-	-	-	14,428.50
Purchased Services	-	-	-	-	-	11,276.14	-	-	-	11,276.14
Tuition	-	-	-	-	299,215.00	-	-	-	-	299,215.00
General Supplies	-	-	465.44	-	-	-	650.00	-	-	1,115.44
Textbooks	1,030.07	-	-	-	-	-	-	-	-	1,030.07
Other Objects	-	1,758.79	-	1,505.00	-	-	-	-	-	3,263.79
Total Instruction	1,030.07	1,758.79	465.44	1,505.00	299,215.00	11,276.14	85,479.50	-	-	400,729.94
Support Services:										
Purchased Professional - Educational Services	-	-	-	-	-	-	-	-	2,835.00	12,629.00
Total Support Services	-	-	-	-	-	-	-	-	2,835.00	12,629.00
Total Expenditures	\$ 1,030.07	\$ 1,758.79	\$ 465.44	\$ 1,505.00	\$ 299,215.00	\$ 11,276.14	\$ 88,314.50	\$ 12,629.00	\$ 416,193.94	

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F. Capital Projects Fund

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G. Proprietary Funds

This section has already been included in Statements B-4, B-5, and B-6.

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Enterprise Funds

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H. Fiduciary Fund

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**MILLTOWN SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	AGENCY FUNDS		TRUST FUNDS	
	Student Activity	Payroll	Unemployment Compensation Trust	Total
Cash and Cash Equivalents	\$ 29,306.35	\$ 148.63	\$ 74,061.95	\$ 103,516.93
Total Assets	29,306.35	148.63	74,061.95	103,516.93
LIABILITIES				
Payable To Student Groups	29,306.35	-	-	29,306.35
Payroll Deductions and Withholdings	-	148.63	-	148.63
Total Liabilities	29,306.35	148.63	-	29,454.98
NET POSITION				
Reserved - Unemployment Compensation Insurance	-	-	74,061.95	74,061.95
Total Net Position	\$ -	\$ -	\$ 74,061.95	\$ 74,061.95

**MILLTOWN SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 18,995.46
Total Contributions	<u>18,995.46</u>
Investment Earnings:	
Interest	<u>102.53</u>
Net Investment Earnings	<u>102.53</u>
Total Additions	<u>19,097.99</u>
DEDUCTIONS	
Quarterly Contribution Reports	7,750.76
Unemployment Claims	2,858.73
Transfer to General Fund	<u>87.70</u>
Total Deductions	<u>10,697.19</u>
Change in Net Position	8,400.80
Net Position - Beginning of Year	<u>65,661.15</u>
Net Position - End of Year	<u><u>\$ 74,061.95</u></u>

**MILLTOWN SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2016</u>
ASSETS				
Elementary Schools:				
Parkview Field Trip Fund	\$ 8,102.29	\$ 11,140.33	\$ 14,730.55	\$ 4,512.07
Junior High Schools:				
Joyce Kilmer	26,923.98	53,098.71	57,650.92	22,371.77
Athletic Account	1,065.00	5,052.26	3,694.75	2,422.51
	<hr/>			
Total	\$ 36,091.27	\$ 69,291.30	\$ 76,076.22	\$ 29,306.35
	<hr/> <hr/>			

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

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2016</u>
ASSETS				
Cash	\$ 78.12	\$ 9,331,860.07	\$ 9,331,789.56	\$ 148.63
Total Assets	<u>\$ 78.12</u>	<u>\$ 9,331,860.07</u>	<u>\$ 9,331,789.56</u>	<u>\$ 148.63</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 78.12	\$ 5,491,111.82	\$ 5,491,061.20	\$ 128.74
Net Payroll	-	3,840,748.25	3,840,728.36	19.89
Total Liabilities	<u>\$ 78.12</u>	<u>\$ 9,331,860.07</u>	<u>\$ 9,331,789.56</u>	<u>\$ 148.63</u>

I. Long-Term Debt

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**MILLTOWN SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
JUNE 30, 2016**

Issue	Date of Issue	Amount of Issue	Annual Payments		Interest Rate	Amount Outstanding June 30, 2015	Issued	Retired	Amount Outstanding June 30, 2016
			Date	Amount					
School Refunding Bonds	10/15/05	\$ 855,000.00				\$ 240,000.00	\$ -	\$ 240,000.00	\$ -
School Bonds, Series 2008	04/30/08	\$ 7,207,000.00	09/15/16	680,000.00	3.50%	5,792,000.00	-	410,000.00	5,382,000.00
			09/15/17	710,000.00	3.50%				
			09/15/18	735,000.00	3.50%				
			09/15/19	765,000.00	3.50%				
			09/15/20	800,000.00	3.60%				
			09/15/21	830,000.00	3.75%				
			09/15/22	862,000.00	3.75%				
						<u>\$ 6,657,000.00</u>	<u>\$ -</u>	<u>\$ 650,000.00</u>	<u>\$ 5,382,000.00</u>

**MILLTOWN SCHOOL DISTRICT
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	\$ 684,132.00	\$ -	\$ 684,132.00	\$ 684,132.00	\$ -
State Sources:					
Debt Service Aid Type II	172,443.00	-	172,443.00	172,443.00	-
Total Revenues	856,575.00	-	856,575.00	856,575.00	-
Expenditures					
Regular Debt Service:					
Interest	206,575.00	-	206,575.00	206,575.00	-
Redemption of Principal	650,000.00	-	650,000.00	650,000.00	-
Total Regular Debt Service	856,575.00	-	856,575.00	856,575.00	-
Total Expenditures	856,575.00	-	856,575.00	856,575.00	-
Excess/(Deficiency) of Revenues and Other Financial Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the presented for the past ten fiscal years.

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MILLTOWN SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	THE FISCAL YEAR ENDING JUNE 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government Activities:										
Net Investment in Capital Assets	\$ 1,461,379.26	\$ (4,826,660.34)	\$ (2,284,585.04)	\$ 2,564,235.72	\$ 3,226,627.57	\$ 3,513,046.16	\$ 3,938,018.13	\$ 3,230,995.06	\$ 3,642,500.65	\$ 3,976,997.60
Restricted	854,093.07	8,139,633.19	5,463,355.39	1,141,274.70	880,667.80	1,538,749.58	1,663,104.32	1,246,843.50	422,296.58	895,872.59
Unrestricted	(136,148.30)	(27,863.37)	(46,289.96)	(83,906.94)	20,643.61	2,017.33	257,739.16	163,275.90	(1,912,080.71)	(2,287,374.02)
Total Government Activities Net Position	\$ 2,179,324.03	\$ 3,285,109.48	\$ 3,132,480.39	\$ 3,621,603.48	\$ 4,127,938.98	\$ 5,053,813.07	\$ 5,858,861.61	\$ 4,641,114.46	\$ 2,152,716.52	\$ 2,585,496.17
Business-Type Activities:										
Net Investment in Capital Assets	\$ 35,480.66	\$ 74,765.92	\$ 73,058.14	\$ 67,013.11	\$ 58,524.60	\$ 103,549.95	\$ 95,063.53	\$ 86,576.67	\$ 72,661.03	\$ 63,121.79
Unrestricted	(12,433.72)	(87,163.33)	(81,955.84)	(77,348.83)	(75,004.44)	(66,161.35)	(65,926.08)	(60,620.25)	(58,555.26)	(65,994.29)
Total Business-Type Activities Net Position	\$ 23,046.94	\$ (12,397.41)	\$ (8,897.70)	\$ (10,335.72)	\$ (16,479.84)	\$ 37,388.60	\$ 29,137.45	\$ 25,956.42	\$ 14,105.77	\$ (2,872.50)
District-wide:										
Net Investment in Capital Assets	\$ 1,496,859.92	\$ (4,751,894.42)	\$ 2,631,248.83	\$ 2,631,248.83	\$ 3,616,596.11	\$ 4,033,081.66	\$ 3,317,571.73	\$ 3,317,571.73	\$ 3,715,161.68	\$ 4,040,119.39
Restricted	854,093.07	8,139,633.19	1,141,274.70	1,141,274.70	1,538,749.58	1,663,104.32	1,246,843.50	1,246,843.50	422,296.58	895,872.59
Unrestricted	(148,582.02)	(115,026.70)	(161,255.77)	(161,255.77)	(64,144.02)	191,813.08	102,655.65	102,655.65	(1,970,635.97)	(2,353,368.31)
Total District Net Position	\$ 2,202,370.97	\$ 3,272,712.07	\$ 3,611,267.76	\$ 3,611,267.76	\$ 5,091,201.67	\$ 5,887,999.06	\$ 4,667,070.88	\$ 4,667,070.88	\$ 2,166,822.29	\$ 2,582,623.67

MILLTOWN SCHOOL DISTRICT
CHANGES IN NET POSITION (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (4,592,468.24)	\$ (4,567,245.91)	\$ (4,607,542.32)	\$ (4,865,787.15)	\$ (4,305,346.25)	\$ (4,502,150.40)	\$ (2,872,677.53)	\$ (3,088,930.74)	\$ (3,448,661.57)	\$ (3,402,418.31)
Special Education	(520,606.71)	(566,800.71)	(599,453.52)	(641,117.94)	(673,491.23)	(747,466.73)	(870,887.84)	(943,923.03)	(1,041,470.74)	(1,253,754.63)
Other Special Education	(178,136.03)	(195,861.92)	(166,040.64)	(146,919.93)	(139,935.85)	(130,707.65)	(182,956.81)	(189,177.69)	(186,554.15)	(249,584.21)
Other Instruction	(131,870.10)	(146,938.14)	(65,391.15)	(137,884.57)	(124,864.77)	(151,642.12)	(79,697.21)	(98,692.00)	(118,624.36)	(142,484.81)
Support Services:										
Tuition	(4,489,041.21)	(4,026,039.31)	(4,440,168.57)	(4,606,227.33)	(5,318,258.60)	(4,903,040.89)	(4,907,136.26)	(5,302,324.92)	(5,442,632.43)	(4,968,316.30)
Student and Instruction Related Services	(1,166,769.97)	(1,188,732.01)	(1,455,592.86)	(1,301,063.03)	(1,125,585.48)	(1,195,060.72)	(1,156,516.78)	(1,060,703.72)	(1,179,922.47)	(1,110,623.57)
School Administrative Services	(356,413.67)	(325,771.26)	(376,043.16)	(383,920.39)	(368,945.50)	(353,928.10)	(236,738.04)	(248,233.94)	(228,978.01)	(293,092.73)
General Administration	(325,987.68)	(334,384.29)	(285,728.17)	(289,101.86)	(278,278.69)	(286,098.81)	(281,902.04)	(304,599.59)	(319,043.80)	(401,279.82)
Central Services	(176,609.02)	(186,693.95)	(187,599.95)	(159,709.55)	(164,435.78)	(165,790.98)	(160,072.41)	(180,720.73)	(199,470.71)	(251,823.68)
Administrative Informational Technology	(25,000.00)	(38,500.00)	(95,057.27)	(95,057.27)	(95,057.27)	(95,057.27)	(95,057.27)	(95,057.27)	(95,057.27)	(95,057.27)
Plant Operations and Maintenance	(1,102,303.36)	(1,082,418.10)	(1,117,728.86)	(1,098,161.47)	(1,083,133.89)	(1,222,932.02)	(726,378.42)	(1,132,684.96)	(939,689.47)	(1,005,766.20)
Pupil Transportation	(509,049.31)	(487,161.50)	(655,081.15)	(602,384.00)	(562,823.55)	(609,656.49)	(599,494.26)	(566,479.53)	(568,196.84)	(523,696.63)
Employee Benefits	(21,991.00)	(17,906.00)	(18,735.00)	(19,643.00)	(9,212.00)	(9,821.00)	(2,631,410.68)	(2,197,962.16)	(3,197,044.08)	(5,691,033.59)
Charter Schools	(161,943.20)	(169,141.06)	(383,373.97)	(346,218.80)	(324,290.84)	(298,904.31)	(40,431.00)	(55,289.00)	(31,106.00)	(53,467.00)
Interest on Long-Term Debt	-	-	-	-	-	-	(272,196.35)	(250,332.16)	(220,991.46)	(194,133.34)
Adjustments to Fixed Assets	-	-	-	-	-	-	(999,985.27)	(999,985.27)	(20,983.91)	-
Unallocated Depreciation	-	-	-	-	-	-	(381,930.44)	(377,930.44)	(390,346.39)	(392,724.88)
Total Governmental Activities Expenses	(13,738,189.50)	(13,333,594.16)	(14,453,536.59)	(14,598,139.02)	(14,478,602.43)	(14,597,200.22)	(15,400,426.07)	(17,017,969.88)	(17,489,477.49)	(20,003,498.60)
Business-Type Activities:										
Food Service	(133,833.82)	(168,452.66)	(144,088.71)	(142,300.62)	(153,499.93)	(154,853.30)	(161,289.83)	(178,308.97)	(183,645.73)	(200,235.11)
Total Business-Type Activities Expenses	(133,833.82)	(168,452.66)	(144,088.71)	(142,300.62)	(153,499.93)	(154,853.30)	(161,289.83)	(178,308.97)	(183,645.73)	(200,235.11)
Total District Expenses	(13,872,023.32)	(13,502,046.82)	(14,597,625.30)	(14,740,439.64)	(14,632,102.36)	(14,752,053.52)	(15,561,715.90)	(17,196,278.85)	(17,673,123.22)	(20,203,733.71)
Program Revenues:										
Governmental Activities:										
Charges for Services:	\$ 32,000.00	\$ 32,000.00	\$ 22,590.71	\$ 37,432.00	\$ 43,075.00	\$ 36,300.00	\$ 28,825.00	\$ 24,307.00	\$ -	\$ 29,027.50
Operating Grants and Contributions	199,579.00	174,999.00	245,601.82	406,145.00	95,078.00	107,245.45	448,288.05	1,010,990.93	1,941,643.99	4,398,513.62
Capital Grants and Contributions	-	-	-	-	(15,203.00)	-	-	-	-	-
Total Governmental Activities Program Revenues	231,579.00	206,999.00	268,192.53	443,577.00	122,950.00	143,545.45	477,113.05	1,035,297.93	1,941,643.99	4,427,541.12
Business-Type Activities:										
Charges for Services:	96,067.70	105,879.07	108,525.15	112,871.86	113,536.18	118,392.19	114,052.23	125,144.74	119,893.79	121,658.66
Food Service	23,838.29	26,624.48	29,237.12	27,966.15	32,526.95	36,474.62	37,554.90	49,562.72	48,220.93	49,319.97
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	119,905.99	132,503.55	137,762.27	140,838.01	146,063.13	154,866.81	151,607.13	174,707.46	168,114.72	170,978.63
Total District Program Revenues	\$ 351,484.99	\$ 339,502.55	\$ 405,954.80	\$ 584,415.01	\$ 269,013.13	\$ 298,412.26	\$ 628,720.18	\$ 1,210,005.39	\$ 2,109,758.71	\$ 4,598,519.75
Net (Expense)/Revenue:										
Governmental Activities	\$ (13,506,610.50)	\$ (13,126,595.16)	\$ (14,185,344.06)	\$ (14,154,562.02)	\$ (14,355,652.43)	\$ (14,453,654.77)	\$ (14,923,313.02)	\$ (15,982,671.95)	\$ (15,547,833.50)	\$ (15,755,957.48)
Business-Type Activities	(13,872,023.32)	(13,502,046.82)	(14,597,625.30)	(14,740,439.64)	(14,632,102.36)	(14,752,053.52)	(15,561,715.90)	(17,196,278.85)	(17,673,123.22)	(20,203,733.71)
Total District-wide Net (Expense)/Revenue	\$ (13,520,538.33)	\$ (13,162,544.27)	\$ (14,191,670.50)	\$ (14,156,024.63)	\$ (14,363,089.23)	\$ (14,453,641.26)	\$ (14,932,995.72)	\$ (15,986,273.46)	\$ (15,563,364.51)	\$ (15,605,213.96)
General Revenues and										
Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for -	\$ 10,758,188.00	\$ 11,188,516.00	\$ 11,188,516.00	\$ 11,732,690.00	\$ 12,409,782.00	\$ 12,488,395.00	\$ 12,488,395.00	\$ 12,849,824.00	\$ 13,357,544.00	\$ 14,016,713.00
General Purposes, Net	602,208.00	521,330.00	725,392.00	633,753.00	583,036.00	754,081.00	684,206.00	647,634.00	685,227.00	684,132.00
Taxes Levied for Debt Service	2,340,165.69	2,379,184.64	2,064,340.57	1,839,872.20	2,102,585.85	2,102,585.85	2,292,735.67	806,474.64	1,080,596.00	1,085,629.00
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Restricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Business-Type Activities:										
Food Service	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-	-	-	-
Charter Schools	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Adjustments to Fixed Assets	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total District-wide Net (Expense)/Revenue	-	-	-	-	-	-	-	-	-	-

MILLTOWN SCHOOL DISTRICT
 CHANGES IN NET POSITION (ACCURAL BASIS OF ACCOUNTING)
 LAST TEN FISCAL YEARS

	THE FISCAL YEAR ENDING JUNE 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Investment Earnings	47,928.75	76,707.47	73,402.93	9,739.42	9,419.01	2,521.90	-	-	-	-
Transfers	(6,000.00)	-	(5,281.83)	-	-	-	-	-	-	-
Miscellaneous Income	8,375.11	66,672.50	28,242.67	29,474.17	39,878.72	31,945.11	263,024.89	50,658.15	37,954.56	49,820.13
Total Governmental Activities	13,750,865.55	14,232,410.61	14,074,612.34	14,643,504.34	14,881,987.93	15,379,528.86	15,728,361.56	14,772,924.80	15,333,506.56	16,008,737.13
Business-Type Activities:										
Investment Earnings	1,108.40	504.76	25.41	24.69	54.92	14.55	-	-	-	-
Transfers	-	-	-	-	1,237.76	53,840.38	1,431.33	420.70	3,680.36	12,278.21
Miscellaneous Income	6,000.00	-	5,281.83	-	-	-	-	-	-	-
Total Business-Type Activities	7,108.40	504.76	5,307.24	24.69	1,292.68	53,854.93	1,431.33	420.70	3,680.36	12,278.21
Total District-wide	\$ 13,757,973.95	\$ 14,232,915.37	\$ 14,079,919.58	\$ 14,643,529.03	\$ 14,883,280.61	\$ 15,433,383.79	\$ 15,729,792.89	\$ 14,773,345.50	\$ 15,337,186.92	\$ 16,021,015.34
Changes in Net Position:										
Governmental Activities	\$ 244,255.05	\$ 1,105,815.45	\$ (110,731.72)	\$ 488,942.32	\$ 526,335.50	\$ 925,874.09	\$ 805,048.54	\$ (1,209,747.15)	\$ (214,326.94)	\$ 432,779.65
Business-Type Activities	(6,819.43)	(35,444.35)	(1,019.20)	(1,437.92)	(6,144.12)	53,868.44	(8,251.37)	(3,180.81)	(11,850.65)	(16,978.27)
Total District	\$ 237,435.62	\$ 1,070,371.10	\$ (111,750.92)	\$ 487,504.40	\$ 520,191.38	\$ 979,742.53	\$ 796,797.17	\$ (1,212,927.96)	\$ (226,177.59)	\$ 415,801.38

**MILLTOWN SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	THE FISCAL YEAR ENDING JUNE 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Restricted	\$ 479,658.77	\$ 1,191,109.40	\$ 709,977.24	\$ 748,480.99	\$ 576,109.73	1,221,386.24	1,920,117.65	1,322,240.78	484,204.91	945,339.26
Assigned	-	-	-	-	299,145.45	376,243.52	77,589.96	257,710.07	480,228.30	269,780.65
Unassigned	279,135.00	215,944.43	139,013.04	137,024.51	261,236.31	254,697.33	257,739.16	201,429.58	216,216.69	214,329.58
Total General Fund	\$ 758,793.77	\$ 1,407,053.83	\$ 848,990.28	\$ 885,505.50	\$ 1,136,491.49	\$ 1,852,327.09	\$ 2,255,446.77	\$ 1,781,380.43	\$ 1,180,649.90	\$ 1,429,449.49
All Other Governmental Funds:										
Unassigned, Reported In:										
Capital Projects Fund	\$ 141,582.18	\$ 6,081,459.62	\$ 4,616,893.62	\$ 423,055.87	\$ 78,594.30	-	-	-	-	-
Debt Service Fund	185,375.34	62,467.48	127,248.91	83,287.26	-	917.00	34,146.81	-	-	-
Restricted for:										
Capital Projects Fund	-	855,435.16	\$ 133,764.00	-	28,991.24	-	-	-	-	-
Debt Service Fund	-	-	-	-	917.64	34,146.87	-	(0.41)	-	-
Total All Other Governmental Funds	\$ 326,957.52	\$ 6,999,362.26	\$ 4,877,906.53	\$ 506,343.13	\$ 108,503.18	\$ 35,063.87	\$ 34,146.81	\$ (0.41)	\$ -	\$ -

Source: Exhibit B-1

MILLTOWN SCHOOL DISTRICT
 FUND BALANCES AND GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

	THE FISCAL YEAR ENDING JUNE 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 11,360,396.00	\$ 11,709,846.00	\$ 11,913,908.00	\$ 12,366,443.00	\$ 12,992,818.00	\$ 13,242,476.00	\$ 13,172,601.00	\$ 13,497,458.00	\$ 14,042,771.00	\$ 14,700,845.00
Tuition	47,287.50	76,707.47	73,402.93	9,739.42	9,419.01	2,521.90	28,825.00	24,307.00	-	29,027.50
Interest Earnings	40,375.11	98,672.50	50,833.38	66,906.17	82,953.72	68,245.11	263,024.89	50,658.15	37,954.56	49,820.13
Miscellaneous	2,262,749.99	2,294,879.99	2,067,248.62	2,066,864.13	1,592,002.72	1,886,594.13	2,460,591.67	1,990,927.80	2,117,926.38	2,249,265.16
State Sources	276,893.85	259,303.65	242,693.77	577,128.62	327,744.48	323,237.17	280,432.05	244,871.78	227,527.22	411,784.46
Federal Sources	13,988,343.70	14,439,409.61	14,348,086.70	15,087,081.34	15,004,937.93	15,523,074.31	16,205,474.61	15,808,222.73	16,426,179.16	17,440,742.25
Total Revenues	13,988,343.70	14,439,409.61	14,348,086.70	15,087,081.34	15,004,937.93	15,523,074.31	16,205,474.61	15,808,222.73	16,426,179.16	17,440,742.25
Expenditures:										
Instruction:										
Regular	2,860,823.51	2,958,787.38	3,433,220.25	3,158,477.25	2,679,297.52	2,751,094.90	2,872,677.53	3,088,930.74	3,448,661.57	3,402,418.31
Special	376,417.00	411,014.72	446,874.17	473,021.98	479,383.58	520,859.43	585,030.19	723,095.48	826,933.11	853,024.69
Other	178,136.03	195,861.92	166,040.64	146,919.93	139,935.85	150,707.65	182,956.81	189,177.69	186,554.15	249,584.21
School-Sponsored/Other Instructional	45,356.28	69,045.15	82,887.49	65,843.45	41,675.77	66,664.38	79,697.21	98,692.00	118,624.36	142,484.81
Undistributed:										
Instruction	4,489,041.21	4,026,039.31	4,440,168.57	4,606,227.33	5,318,258.60	4,903,040.89	4,907,136.26	5,302,324.92	5,442,652.43	4,968,316.30
Support Services - Students	686,957.72	736,292.55	952,982.37	812,474.05	787,683.54	851,263.36	894,406.75	902,394.43	809,207.21	923,025.26
Support Services - Instructional Staff	205,655.59	218,730.55	147,361.08	168,950.63	177,756.75	127,238.47	162,348.48	130,107.48	282,202.61	241,083.39
General Administration	285,010.11	302,242.85	285,560.88	278,045.60	232,082.30	237,878.20	248,233.94	248,233.94	228,978.01	293,092.73
School Administrative Services	240,297.48	241,951.63	250,463.73	249,224.13	249,224.13	257,226.59	281,902.04	304,599.59	319,043.80	401,279.82
Central Services	176,609.02	186,693.95	187,599.95	159,709.55	164,435.78	165,790.98	160,072.41	180,720.73	199,470.71	251,823.68
Admin. Information Technology	25,000.00	38,500.00	95,057.27	767,864.66	775,268.17	770,886.96	747,909.68	1,152,684.96	959,689.47	886,093.71
Plant Operations and Maintenance	802,029.54	788,664.93	802,323.02	582,663.99	539,941.46	587,901.46	599,494.26	566,479.53	568,196.84	523,696.63
Pupil Transportation	485,290.12	469,569.63	637,571.40	637,571.40	637,571.40	637,571.40	637,571.40	637,571.40	637,571.40	637,571.40
Business and Other Support Services:										
Employee Benefits	1,237,832.01	1,185,958.11	1,301,740.26	1,430,898.41	1,494,611.20	1,425,366.60	1,576,110.76	1,504,277.09	1,522,061.22	1,614,903.48
On-Behalf TPAF Pension Contributions	289,040.00	296,841.00	13,472.00	13,675.00	12,206.00	126,604.00	239,223.00	153,303.00	196,359.00	274,792.00
On-Behalf TPAF Post Retirement Medical Contributions	309,915.00	322,506.00	257,006.00	256,828.00	259,258.00	254,507.00	509,724.00	251,361.00	311,719.00	327,201.00
Reimbursed TPAF Social Security Contributions	293,502.99	287,002.99	308,442.80	308,274.13	271,648.72	263,438.68	278,516.67	285,673.57	282,767.61	315,351.86
Charter Schools	21,991.00	17,906.00	18,735.00	19,643.00	9,212.00	9,821.00	40,431.00	55,289.00	31,106.00	53,467.00
Capital Outlay	132,847.26	188,118.63	201,199.12	120,911.56	58,512.64	167,247.11	203,196.64	77,721.56	199,613.19	197,185.02
Special Revenue	330,055.70	335,255.65	346,036.77	578,224.75	435,957.87	390,448.17	390,619.20	249,029.36	230,616.99	416,543.76
Debt Service:										
Principal	459,869.36	415,524.22	436,217.93	901,922.29	522,680.83	547,478.57	574,337.31	595,239.08	625,000.00	650,000.00
Interest and Other Charges	182,388.82	145,855.81	349,654.06	357,197.76	330,749.70	305,213.62	280,743.75	257,101.14	232,412.00	206,575.00
Total Expenditures	14,114,065.75	13,838,362.98	15,160,620.76	15,456,997.45	14,897,816.59	14,880,678.02	15,803,271.99	16,316,436.29	17,026,909.28	17,191,942.66
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(125,722.05)	601,046.63	(812,534.06)	(369,916.11)	107,121.34	642,396.29	402,202.62	(508,213.56)	(600,730.12)	248,799.59
Other Financing Sources/(Uses):										
Proceeds From Borrowing	-	7,207,000.00	-	-	-	-	-	-	-	-
Transfers In	63,498.51	26,779.35	61,577.95	6,040.08	147,230.90	34,125.42	-	-	-	-
Transfers Out	(69,498.51)	(26,779.35)	(66,859.78)	(6,040.08)	(147,230.90)	(34,125.42)	-	-	-	-
Total Other Financing Sources/(Uses)	(6,000.00)	7,207,000.00	(6,859.78)	(6,040.08)	(147,230.90)	34,125.42	-	-	-	-
Net Change in Fund Balances	(131,722.05)	7,808,046.63	(817,815.89)	(369,916.11)	107,121.34	642,396.29	402,202.62	(508,213.56)	(600,730.12)	248,799.59
Debt Service as a Percentage of Noncapital Expenditures	4.59%	4.11%	5.25%	8.21%	5.75%	5.80%	5.48%	5.25%	5.10%	5.04%

Source: Exhibit B-2

MILLTOWN SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Fiscal Year Ending June 30,	Rents	Interest on Investments	Miscellaneous Refunds	Miscellaneous	Annual Totals
2007	\$ 8,375.11	\$ 36,896.18	\$ -	\$ 32,000.00	\$ 110,328.80
2008	14,429.00	43,656.30	4,600.00	47,643.50	37,562.18
2009	13,807.00	9,319.51	60.00	14,375.67	33,178.87
2010	17,494.50	3,702.02	200.00	11,782.35	47,380.83
2011	16,104.00	8,502.11	4,368.30	18,406.42	23,339.13
2012	24,834.00	2,388.02	2,880.07	(6,762.96)	251,380.74
2013	24,298.33	-	1,911.77	225,170.64	37,954.56
2014	22,936.90	-	131.45	26,335.45	49,403.80
2015	-	-	-	37,954.56	37,954.56
2016	18,866.46	-	-	30,953.67	49,820.13

Source: District records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**MILLTOWN SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Year Ending December 31,	Vacant Land	Residential	Farm Reg.	Q/farm	Commercial	Industrial	Apartment
2007	\$ 5,353,100.00	\$ 396,133,800.00	-	-	\$ 54,468,500.00	\$ 8,927,400.00	\$ 1,895,000.00
2008	5,353,100.00	369,690,000.00	-	-	54,325,400.00	8,927,400.00	1,895,000.00
2009	N/A	N/A	-	-	N/A	N/A	N/A
2010	N/A	N/A	-	-	N/A	N/A	N/A
2011	N/A	N/A	-	-	N/A	N/A	N/A
2012	N/A	N/A	-	-	N/A	N/A	N/A
2013	N/A	N/A	-	-	N/A	N/A	N/A
2014	3,904,000.00	391,414,800.00	-	-	44,283,600.00	8,027,400.00	1,682,700.00
2015	3,889,000.00	390,820,100.00	-	-	43,970,400.00	7,427,400.00	1,682,700.00
2016	4,213,300.00	390,352,500.00	-	-	43,732,800.00	7,427,400.00	1,682,700.00
	Total Assessed Value	Less: Tax-Exempt Property^c	Public Utilities^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate^b	
2007	\$ 440,190,900.00	\$ 59,197,000.00	\$ 268,667.00	\$ 381,262,567.00	\$ 101,621,941,944.00	2.51%	
2008	467,190,900.00	59,197,000.00	264,291.00	408,258,191.00	109,995,053,068.00	2.549	
2009	N/A	N/A	N/A	N/A	N/A	N/A	
2010	N/A	N/A	N/A	N/A	N/A	N/A	
2011	N/A	N/A	N/A	N/A	N/A	N/A	
2012	N/A	N/A	N/A	N/A	N/A	N/A	
2013	N/A	N/A	N/A	N/A	N/A	N/A	
2014	447,789,600.00	N/A	149,634.00	447,939,234.00	95,188,412,107.00	3.125	
2015	447,789,600.00	N/A	N/A	447,789,600.00	98,155,708,228.00	3.283	
2016	447,408,700.00	N/A	N/A	447,408,700.00	102,655,566,087.00	3.349	

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 - b Tax rates are per \$100
 - c Tax-Exempt Property included in Assessed Values
- N/A At the time of CAFR Completion, this data was not yet available

**MILLTOWN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)**

Year Ended Dec 31,	Milltown School District Direct Rate				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Milltown Borough	Middlesex County			
2007	2.396	0.113	2.509	0.786	0.595		3.890	
2008	N/A	N/A	N/A	N/A	N/A		N/A	
2009	N/A	N/A	2.663	0.911	0.690		4.264	
2010	N/A	N/A	N/A	N/A	N/A		N/A	
2011	N/A	N/A	N/A	N/A	N/A		N/A	
2012	N/A	N/A	N/A	N/A	N/A		N/A	
2013	N/A	N/A	N/A	N/A	N/A		N/A	
2014	2.975	0.308	3.283	1.128	0.763		5.174	
2015	3.123	0.160	3.283	1.155	0.761		5.199	
2016	3.164	0.185	3.349	1.210	0.751		5.310	

Source: Borough Tax Collector

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.
 b Rates for debt service are based on each year's requirements.

**MILLTOWN SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>2016</u>			<u>2007</u>		
<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
\$ 3,678,500.00	1	0.82%			
1,478,500.00	2	0.33%			
1,435,800.00	3	0.32%			
1,348,500.00	4	0.30%			
1,268,200.00	5	0.28%			
1,125,100.00	6	0.25%			
1,125,100.00	7	0.25%			
1,000,000.00	8	0.22%			
650,000.00	9	0.15%			
602,800.00	10	0.13%			
			DATA NOT AVAILABLE		
<u>\$ 13,712,500.00</u>		<u>3.06%</u>	<u>\$ -</u>		

**MILLTOWN SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 11,360,696.00	\$ 11,360,696.00	100%	\$ -
2008	11,709,846.00	11,709,846.00	100%	-
2009	11,913,908.00	11,913,908.00	100%	-
2010	12,366,443.00	12,366,443.00	100%	-
2011	12,992,818.00	12,992,818.00	100%	-
2012	13,242,476.00	13,242,476.00	100%	-
2013	13,172,601.00	13,172,601.00	100%	-
2014	13,497,458.00	13,497,458.00	100%	-
2015	14,042,771.00	14,042,771.00	100%	-
2016	14,700,845.00	14,700,845.00	100%	-

Source: District Records

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

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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**MILLTOWN SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ending June 30,	<u>Governmental Activities</u>			Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Total District		
2007	\$ 2,984,000.00	\$ 263,006.00	\$ 3,247,006.00	Unavailable	N/A
2008	9,796,000.00	191,237.00	9,987,237.00	Unavailable	1,426.96
2009	9,381,000.00	116,816.00	9,497,816.00	Unavailable	N/A
2010	8,801,000.00	39,646.97	8,840,646.97	Unavailable	1,204.45
2011	8,301,000.00	N/A	8,301,000.00	Unavailable	N/A
2012	7,777,000.00	N/A	7,777,000.00	Unavailable	N/A
2013	7,227,000.00	N/A	7,227,000.00	Unavailable	N/A
2014	6,657,000.00	N/A	6,657,000.00	3.00%	951.54
2015	6,032,000.00	N/A	6,032,000.00	Unavailable	857.79
2016	5,382,000.00	N/A	5,382,000.00	Unavailable	765.36

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

b District Records

**MILLTOWN SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 2,984,000.00	\$ -	\$ 2,984,000.00	0.73%	N/A
2008	9,796,000.00	-	9,796,000.00	N/A	1,399.63
2009	9,381,000.00	-	9,381,000.00	N/A	N/A
2010	8,801,000.00	-	8,801,000.00	N/A	1,199.05
2011	8,301,000.00	-	8,301,000.00	N/A	N/A
2012	7,777,000.00	-	7,777,000.00	N/A	N/A
2013	7,277,000.00	-	7,277,000.00	N/A	N/A
2014	6,657,000.00	-	6,657,000.00	1.48	951.54
2015	6,032,000.00	-	6,032,000.00	1.34	857.79
2016	5,382,000.00	-	5,382,000.00	1.20%	765.36

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

**MILLTOWN SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015**

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Net Debt Share of Overlapping Debt</u>
Overlapping Debt:			
Milltown Borough	\$ 6,477,316.50	100.00%	\$ 6,477,316.50
Middlesex County General Obligation Debt	530,689,269.00	0.52942%	<u>2,809,575.13</u>
Subtotal, Overlapping Debt			9,286,891.63
Milltown District Direct Debt			<u>5,382,000.00</u>
Total Direct and Overlapping Debt			<u><u>14,668,891.63</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Middlesex County Board of Taxation.
Debt Outstanding data provided by each governmental unit.

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

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

**MILLTOWN SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2016

	2015	\$	855,376,504.00
	2014		852,100,322.00
	2013		858,647,664.00
	(A)	\$	<u>2,566,124,490.00</u>
Average Equalized Valuation of Taxable Property	(A/3)	\$	855,374,830.00
Debt Limit (3% of Average Equalization Value)	(B)		25,661,244.90
Total Net Debt Applicable To Limit	(C)		<u>5,382,000.00</u>
Legal Debt Margin	(B-C)	\$	<u>20,279,244.90</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit					
Total Net Debt Applicable To Limit	\$ 25,769,515.00	N/A	N/A	N/A	\$ 22,640,697.00
Legal Debt Margin	\$ 22,785,515.00	N/A	N/A	N/A	\$ 14,339,697.00

Total Net Debt Applicable to the Limit
as a Percentage of Debt Limit

36.66%

Debt Limit
Total Net Debt Applicable To Limit

2012

2015

2016

	N/A	N/A	\$ 27,069,368.43	\$ 26,231,752.09	\$ 25,661,244.90
	N/A	N/A	6,657,000.00	6,032,000.00	5,382,000.00
Legal Debt Margin	N/A	N/A	\$ 20,412,368.43	\$ 32,263,752.09	\$ 20,279,244.90

Total Net Debt Applicable to the Limit
as a Percentage of Debt Limit

23.00%

24.59%

20.97%

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

a Limit set by N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**MILLTOWN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2007	6,921	327,958,506	47,386	N/A
2008	6,934	339,814,538	49,007	N/A
2009	6,969	329,180,715	47,235	N/A
2010	6,899	328,378,602	47,598	7.60%
2011	6,917	347,696,839	50,267	7.40%
2012	6,961	360,092,530	51,730	7.50%
2013	7,011	366,612,201	52,291	7.80%
2014	7,032	N/A	N/A	5.20%
2015	7,032	N/A	N/A	4.30%

Source:

^a Population information provided by the NJ Department of Labor and Workforce Development.

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

^c Per capita personal income by municipality estimated based upon the 2000 Census published

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

**MILLTOWN SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2016			2007		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment	Employees	Rank (Optional)	Percentage of Total Municipal Employment
		1			1	
		2			2	
		3			3	
		4			4	
		5	DATA NOT AVAILABLE		5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**MILLTOWN SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	50.1	50.5	52.5	51.5	41.5	41.5	41.5	41.5	43.5	49.20
Special Education	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	10.00
Support Services:										
Student and Instruction Related Services	14.5	14.4	14.4	14.4	12.4	12.4	18.1	18.1	18.1	18.10
General Administration	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.40
School Administrative Services	2.5	2.4	2.4	2.4	2.4	2.4	1.9	1.9	1.9	1.90
Other Administrative Services	2.1	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.00
Plant Operations and Maintenance	8.0	8.0	8.0	8.0	6.0	6.0	7.0	8.0	8.0	8.00
Pupil Transportation	1.0	1.0	1.0	1.0	1.0	1.0	0.4	0.4	0.4	0.40
Other Support Services	5.0	5.0	5.0	5.0	4.0	4.0	6.0	6.0	6.0	9.00
Total	96.1	96.2	98.2	97.2	82.1	82.1	89.7	90.7	92.7	100.0

Source: District Personnel Records

**MILLTOWN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Enrollment	Operating	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				
2007	693	8,820,330.00	12,971.07	12.64%	61.3	1:11.6	1:10.7	661.0	650.4	-3.57%	95.65%
2008	680	8,128,855.00	11,936.64	-7.97%	66.4	1:11.4	1:11.5	673.3	646.9	1.87%	94.99%
2009	681	8,865,260.00	13,114.29	9.87%	67.5	1:11.4	1:10.6	689.0	662.8	2.33%	98.05%
2010	676	8,574,812.00	12,836.54	-2.12%	66.5	1:10.2	1:10.7	664.0	637.1	-3.63%	95.37%
2011	668	8,723,257.00	12,886.05	0.39%	56.5	1:13.5	1:12	669.4	639.4	0.81%	94.45%
2012	677	N/A	N/A	N/A	52.9	N/A	N/A	656.6	633.2	-2.02%	97.72%
2013	648	N/A	N/A	N/A	52.9	N/A	N/A	643.5	618.4	-2.12%	91.08%
2014	679	10,890,389	15,992	N/A	54.9	N/A	N/A	674.1	646.9	4.73%	94.85%
2015	681	N/A	15,669.45	N/A	53.0	N/A	N/A	683.1	653.9	1.37%	96.02%
2016	715	N/A	N/A	N/A	59.2	N/A	N/A	713.5	684.6	4.44%	95.75%

Sources: District records

Note: Enrollment based on annual October district count of K-8 students

a Operating expenditures equal total expenditures less high school tuition, transportation, 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).

**MILLTOWN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

District/Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary:										
Parkview Elementary										
Square Feet	36,516	36,516	36,516	36,516	36,516	36,516	49,697	49,697	49,697	49,697
Capacity (Students)	255	255	255	255	255	255	255	255	255	255
Enrollment	277	291	292	289	N/A	N/A	N/A	N/A	323	325
Middle School:										
Joyce Kilmer School										
Square Feet	49,993	49,993	49,993	49,993	49,993	49,993	62,000	62,000	62,000	62,000
Capacity (Students)	415	415	415	415	415	415	415	415	415	415
Enrollment	383	390	403	390	313	N/A	N/A	N/A	393	392

Number of Schools at June 30, 2016
 Elementary = 1
 Middle School = 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.

**MILLTOWN SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

Fiscal Year	Project # (s)	Parkview	Joyce Kilmer	Total
2007	N/A	91,521.00	80,601.00	172,122.00
2008	N/A	69,248.00	74,092.00	143,340.00
2009	N/A	56,152.00	71,450.00	127,602.00
2010	N/A	29,892.00	38,789.00	68,681.00
2011	N/A	46,243.00	44,595.00	90,838.00
2012	N/A	48,845.96	83,826.61	132,672.57
2013	N/A	47,210.00	79,422.77	126,632.77
2014	N/A	88,000.51	117,510.71	205,511.22
2015	N/A	81,449.47	108,762.84	190,212.31
2016	N/A	95,980.00	112,232.79	208,212.79
Total School Facilities		\$ 654,541.94	\$ 811,282.72	\$ 1,465,824.66

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

Source: District records

**MILLTOWN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents (All Locations)	\$ 24,818,175.00	\$ 5,000.00
Boiler and Machinery	100,000.00	5,000.00
<u>Electronic Data Processing Equipment</u>	439,610.00	1,000.00
<u>General Liability</u>	16,000,000.00	
General Automobile Liability	16,000,000.00	
School Board Legal Liability	16,000,000.00	
Employers Liability	2,000,000.00	
Workers' Compensation	Statutory	N/A
Student Accident Insurance (2)		
Voluntary Students	150,000.00	
Surety Bonds (3):		
Treasurer	194,000.00	
Board Secretary/Business Administrator	475,000.00	
Employee Blanket Bond	5,000.00	
Business Administrator's Staff	100,000.00	

- (1) NJ School Board Association Insurance Group
(2) Bollinger/Peoples Benefit Life Insurance Company
(3) Selective Insurance

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
Milltown School District
County of Middlesex
Milltown, New Jersey 08850

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 Milltown Board of Education, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Milltown Board of Education’s basic financial statements, and have issued our report thereon dated November 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Milltown Board of Education'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 Milltown Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of Milltown Board of Education’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 Milltown Board of Education'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.

Robert Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 16, 2016

EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Milltown School District
County of Middlesex
Milltown, New Jersey 08850

Report on Compliance for Each Major State Program

We have audited Milltown Board of Education’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. Milltown Board of Education’s major state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Milltown Board of Education’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 *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 State Grants and State Aid*. Those standards 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 Milltown Board of Education'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 Milltown Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, Milltown Board of Education 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 Milltown Board of Education 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 Milltown Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 Milltown Board of Education'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.

Robert Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 16, 2016

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

Federal CFDA Number	Federal Fund Numbers	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Cash Received	Budgetary Expenditures	Sub Recipient Expenditures	Balance at June 30, 2016		
				From	To					(Accounts Receivable)	Unearned Revenue	Due To Grantor
U.S. Department of Agriculture:												
Passed-Through State Department of Education:												
10.555	1616INJ304N1099	N/A	\$ 13,855.14	07/01/15	06/30/16	\$ -	\$ 13,855.14	\$ (13,013.25)	\$ -	\$ -	\$ 841.89	\$ -
10.555	1616INJ304N1099	N/A	34,756.70	07/01/15	06/30/16	-	32,741.54	(34,756.70)	-	(2,015.16)	-	-
10.555	1616INJ304N1099	N/A	33,131.44	07/01/14	06/30/15	(2,424.38)	2,424.38	-	-	-	-	-
Total U.S. Department of Agriculture												
			(2,424.38)			49,021.06	(47,769.95)	-	-	(2,015.16)	841.89	-
U.S. Department of Education:												
Passed-Through State Department of Education:												
Special Revenue Fund												
84.173	S173A150114	IDEA322015	7,471.00	07/01/15	06/30/16	-	3,805.14	(11,276.14)	-	(7,471.00)	-	-
84.173	S173A150114	IDEA322014	10,627.00	07/01/14	06/30/15	(6,821.86)	6,821.86	-	-	-	-	-
Total I.D.E.A. Part B, Preschool												
			(6,821.86)			10,627.00	(11,276.14)	-	-	(7,471.00)	-	-
84.027	S027A150100	IDEA322015	299,215.00	07/01/15	06/30/16	-	-	(299,215.00)	-	(299,215.00)	-	-
84.027	S027A150100	IDEA322014	293,998.00	07/01/14	06/30/15	(181,393.00)	181,393.00	-	-	-	-	-
Total I.D.E.A. Part B, Basic												
			(181,393.00)			181,393.00	(299,215.00)	-	-	(299,215.00)	-	-
Total Special Education Cluster												
			(188,214.86)			192,020.00	(310,491.14)	-	-	(306,686.00)	-	-
84.010A	S010A150030	NCLB322015	88,315.00	07/01/15	06/30/16	-	88,315.00	(88,314.50)	-	-	0.50	-
84.010A	S010A150030	NCLB322014	26,340.00	07/01/14	06/30/15	(26,340.00)	26,340.00	-	-	-	-	-
Total Title I - Grants To Local Educational Agencies												
			(26,340.00)			114,655.00	(88,314.50)	-	-	-	0.50	-
84.367A	S367B150027	NCLB322015	12,629.00	07/01/15	06/30/16	-	12,629.00	(12,629.00)	-	-	-	-
84.367A	S367B150027	NCLB322014	13,672.00	07/01/14	06/30/15	(13,672.00)	13,672.00	-	-	-	-	-
Total Title II - Part A - Improving Teacher Quality State Grants												
			(13,672.00)			26,301.00	(12,629.00)	-	-	-	-	-
Total U.S. Department of Education												
			(228,226.86)			332,976.00	(411,434.64)	-	-	(306,686.00)	0.50	-
Total Federal Awards												
			(230,651.24)			381,997.06	(459,204.59)	-	-	(308,701.16)	842.39	\$ -

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MILLTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2016		Memo
			From	To	(Accounts Receivable)/ Unearned Revenues	Due To Grantor				(Accounts Receivable)	Due To Grantor	
State Department of Education:												
General Fund												
Special Education Categorical Aid	495-034-5120-089	\$ 564,678.00	07/01/15	06/30/16	\$ -	\$ 564,678.00	\$ (564,678.00)	\$ -	\$ -	\$ -	\$ 54,940.71	\$ 564,678.00
Equalization Aid	495-034-5120-078	464,848.00	07/01/15	06/30/16	-	464,848.00	(464,848.00)	-	-	-	45,227.69	464,848.00
Security Aid	495-034-5120-084	17,104.00	07/01/15	06/30/16	-	17,104.00	(17,104.00)	-	-	-	1,664.14	17,104.00
Transportation Aid	495-034-5120-014	63,695.00	07/01/15	06/30/16	-	63,695.00	(63,695.00)	-	-	-	6,197.25	63,695.00
PARCC Readiness Aid	495-034-5120-098	9,575.00	07/01/15	06/30/16	-	9,575.00	(9,575.00)	-	-	-	931.61	9,575.00
Per Pupil Growth Aid	495-034-5120-097	9,575.00	07/01/15	06/30/16	-	9,575.00	(9,575.00)	-	-	-	931.61	9,575.00
Non-Public Transportation Aid	495-034-5120-014	5,394.00	07/01/14	06/30/16	-	-	(5,394.00)	-	-	(5,394.00)	-	5,394.00
Non-Public Transportation Aid	495-034-5120-014	7,515.00	07/01/14	06/30/16	-	7,515.00	(7,515.00)	-	-	-	-	-
Extraordinary Aid	495-034-5120-044	18,799.00	07/01/15	06/30/16	-	-	(18,799.00)	-	-	(18,799.00)	-	18,799.00
Extraordinary Aid	495-034-5120-044	16,684.00	07/01/14	06/30/15	-	16,684.00	-	-	-	-	-	-
On-Behalf TPAF Pension System												
Contribution - Post Retirement	495-034-5095-001	327,201.00	07/01/14	06/30/15	-	327,201.00	(327,201.00)	-	-	-	-	327,201.00
On-Behalf TPAF Pension System												
Contribution - Normal Cost	495-034-5095-007	274,792.00	07/01/14	06/30/15	-	274,792.00	(274,792.00)	-	-	-	-	274,792.00
Reimbursed TPAF Social Security												
Contributions	495-034-5095-002	315,351.86	07/01/15	06/30/16	-	299,980.59	(315,351.86)	-	-	(15,371.27)	-	315,351.86
Reimbursed TPAF Social Security												
Contributions	495-034-5095-002	282,767.61	07/01/14	06/30/15	-	14,169.10	-	-	-	-	-	-
Total General Fund												
						(38,368.10)	2,069,816.69	(2,071,012.86)	-	(39,564.27)	109,893.01	2,071,012.86
Special Revenue Fund												
N.J. Nonpublic Textbook Aid	100-034-5120-064	1,142.00	07/01/15	06/30/16	-	1,142.00	(1,030.07)	-	-	111.93	-	1,030.07
N.J. Nonpublic Textbook Aid	100-034-5120-064	1,192.00	07/01/14	06/30/15	18.40	-	-	(18.40)	-	-	-	-
N.J. Nonpublic Nursing Services Aid	100-034-5120-070	1,800.00	07/01/15	06/30/16	-	1,800.00	(1,758.79)	-	-	41.21	-	1,758.79
N.J. Nonpublic Nursing Services Aid	100-034-5120-070	1,897.00	07/01/14	06/30/15	12.83	-	-	(12.83)	-	-	-	-
N.J. Nonpublic Technology Initiative	100-034-5120-373	520.00	07/01/15	06/30/16	-	520.00	(465.44)	-	-	54.56	-	465.44
N.J. Nonpublic Technology Initiative	100-034-5120-373	640.00	07/01/14	06/30/15	608.00	-	-	(608.00)	-	-	-	-
N.J. Nonpublic Security Aid	100-034-5120-084	500.00	07/01/15	06/30/16	-	500.00	-	-	-	500.00	-	-
Transportation												
N.J. Nonpublic Handicapped Aid:												
Corrective Speech	100-034-5120-066	1,505.00	07/01/15	06/30/16	-	1,505.00	(1,505.00)	-	-	-	-	1,505.00
Corrective Speech	100-034-5120-066	2,651.00	07/01/14	06/30/15	-	-	-	(2,651.00)	-	-	-	-
Total Special Revenue Fund												
						-	3,528.23	(4,759.30)	-	707.70	-	4,759.30
Debt Service Fund												
Debt Service Aid Type II	495-034-5120-017	172,443.00	07/01/15	06/30/16	-	172,443.00	(172,443.00)	-	-	-	-	172,443.00
Total Debt Service Fund												
						-	172,443.00	(172,443.00)	-	-	-	172,443.00
Enterprise Fund												
State School Lunch Program	100-010-3360-067	1,550.02	07/01/15	06/30/16	-	1,460.54	(1,550.02)	-	-	(89.48)	-	1,550.02
State School Lunch Program	100-010-3360-067	1,801.31	07/01/14	06/30/15	(164.64)	164.64	-	-	-	-	-	-
Total Enterprise Fund												
						(164.64)	1,625.18	(1,550.02)	-	(89.48)	-	1,550.02
Total State Financial Assistance												
						\$ (38,532.74)	\$ 3,528.23	\$ (2,249,765.18)	\$ (3,528.23)	\$ (39,653.75)	\$ 707.70	\$ 109,893.01
												\$ 2,249,765.18
Less: Grants Not Subject to New Jersey OMB Circular 15-08:												
On-Behalf TPAF Pension System												
Contribution - Post Retirement	495-034-5095-001	327,201.00	07/01/15	06/30/16	-	-	327,201.00	-	-	-	-	-
On-Behalf TPAF Pension System												
Contribution	495-034-5095-007	274,792.00	07/01/15	06/30/16	-	-	274,792.00	-	-	-	-	-
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08												
												\$ (1,647,772.18)

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MILLTOWN SCHOOL DISTRICT

NOTES TO SCHEDULES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Basis of Presentation

The accompanying schedules of expenditures of state financial assistance include state award activity of the Milltown School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state 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 state 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 basis of accounting are described in Note 1 to the board's basic financial statements. 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 state expenditures presented in the schedules of expenditures of state financial assistance, the Milltown School District did not provide any state awards to sub recipients.

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 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 \$1,050.00 for the General Fund and \$349.82 for the Special Revenue Fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

MILLTOWN SCHOOL DISTRICT

NOTES TO SCHEDULES OF STATE FINANCIAL ASSISTANCE (continued)

FOR THE YEAR ENDED JUNE 30, 2016

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

	State
General Fund	\$ 2,072,062.86
Special Revenue Fund	4,759.30
Debt Service Fund	172,443.00
Food Service Fund	<u>1,550.02</u>
Total Financial Assistance	<u>\$ 2,250,815.18</u>

Note 4. Relationship to State Financial Reports

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

Note 5. Other

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. State Loans Outstanding

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

**MILLTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND 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? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

State Awards

Dollar threshold used to distinguish between type A and type B programs? \$750,000.00

Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued in compliance for major programs: Unmodified

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

495-034-5120-089
495-034-5120-078
495-034-5120-084
495-034-5120-098
495-034-5120-097

Name of State Program

State Aid Cluster:
Special Education Categorical Aid
Equalization Aid
Security Aid
PARCC Readiness Aid
Per Pupil Growth Aid

**MILLTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued):
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 – State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by New Jersey OMB's Circular 15-08

No Current Year Findings