

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**MINE HILL TOWNSHIP BOARD OF EDUCATION**

**Mine Hill, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Mine Hill Township Board of Education**

**Mine Hill, New Jersey**

**For The Fiscal Year Ended June 30, 2015**

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
42 CANFIELD AVENUE SCHOOL  
MINE HILL, NEW JERSEY 07803-3085**

**Lee S. Nittel  
Superintendent**

**Melissa Simmons  
Business Administrator**

**Adam Zygmunt  
Principal**

**Marie Giantomasi  
Director of Special  
Education & Child  
Study Team Services**

**Board of Education**

**Mary Jo Walilko  
President**

**Bridget Mauro  
Vice President**

**Kathleen Bartnick  
Peter Brusco  
Jill Del Rio  
Joseph Heredia, Jr.  
Denise Jimenez-Arias**

**Phone: 973-366-0590  
Fax: 973-366-8786**

**Web Page:  
[www.minehillcas.org](http://www.minehillcas.org)**

November 16, 2015

Honorable President and  
Members of the Board of Education of  
Mine Hill Township School District  
Mine Hill, New Jersey 07803

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi- year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

**1) Reporting Entity and Its Services**

The Mine Hill Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Mine Hill Township School District and its school constitute the District's reporting entity.

**2) Economic Condition and Outlook**

The Mine Hill Township Board of Education continues to provide a high quality education while maintaining a fiscally conservative approach. The Board has controlled costs and been mindful of the impact of its decisions on the local taxpayer. The result is that Mine Hill has consistently ranked near the bottom in per pupil spending in the county, while providing its students with an excellent education. This excellence in education has made Mine Hill a lighthouse district in Morris County.

### **3) Major Initiatives**

The District's curriculum is aligned with the New Jersey Core Curriculum Content Standards. We have developed an extensive assistive technology laboratory that has greatly increased our ability to address the special needs of students. The Canfield Avenue School is a Blue Ribbon Original choice school. The focus of the Board is to maintain a high level of academic excellence and a nurturing environment that promotes educational improvement. Technology improvements in both infrastructure and hardware helped keep the District and the students moving forward to the 21st Century goals.

During the 2014-2015 school year, the District has maintain a full staff of administrators, while continuing shared service relationships with Morris Hills Public Schools for Child Study Team services, as well as many other sharing projects such as snow removal and lawn maintenance with Mine Hill Township. These initiatives keep the costs in line with the District's goals and objectives.

### **4) Internal Accounting Controls**

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

### **5) Budgetary Controls**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2015.

### **6) Accounting System and Reports**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements".

### **7) Cash Management**

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

**8) Risk Management**

The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The School Alliance Insurance Fund ("SAIF") oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20. The District is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the SAIF is included in the "Notes to the Financial Statements".

**9) Other Information**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch Vinci & Higgins, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Services* are included in the single audit section of this report.

**10) Acknowledgment**

We would like to express our appreciation to the members of the Mine Hill Township Board of Education for their continuing commitment to provide fiscal accountability to the citizens and taxpayers of Mine Hill and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished with the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

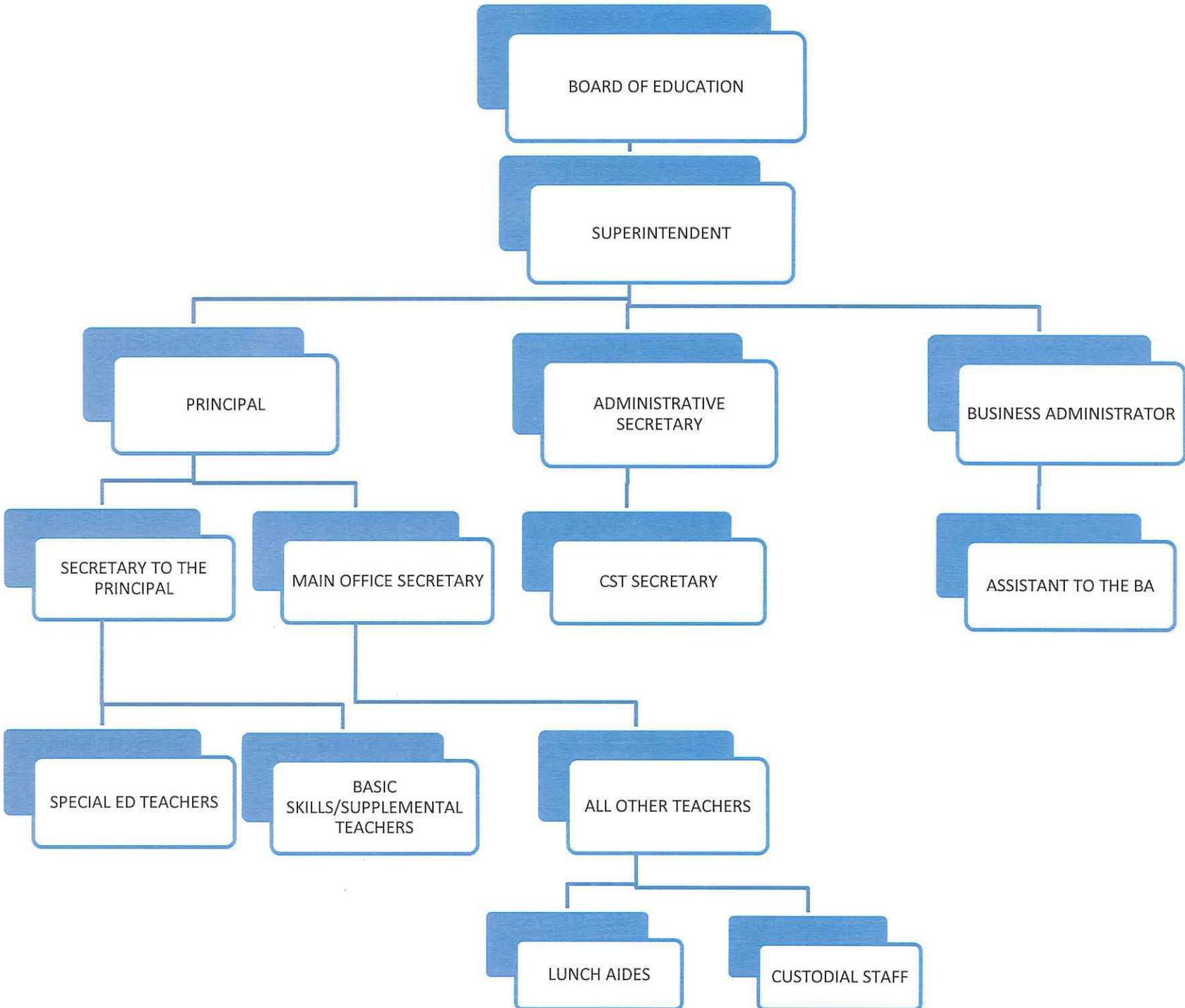
Joanne Calabro  
Interim Superintendent of Schools

Melissa Simmons  
Business Administrator/Board Secretary

*Joanne Calabro*

*Melissa Simmons*

AT:



**MINE HILL TOWNSHIP BOARD OF EDUCATION  
 ROSTER OF OFFICIALS  
 JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mary Jo Walilko, President	2017
Bridget Mauro, Vice President	2015
Katie Bartnick	2017
Peter Bruseo	2017
Jill Del Rio	2016
Joseph G. Heredia, Jr.	2016
Denise Jiménez-Arias	2015

Other Officials

Title

Joanne Calabro	Interim Superintendent of Schools
Melissa Simmons	School Business Administrator/Board Secretary from December 15, 2013
Lisa Palmieri	Treasurer of School Monies
Andrew Brown	Board Attorney

**MINE HILL TOWNSHIP BOARD OF EDUCATION**  
**Consultants and Advisors**

**Attorney**

Andrew Brown, Esq.  
Schwartz, Simon, Edelstien, Celso & Zitmer, LLC  
44 Whippany Road, Suite 210  
P.O. Box 2355  
Morristown, New Jersey 07962

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208  
Fair Lawn, New Jersey 07410

**Official Depositories**

Valley National Bank  
271-273 Route 46  
Mine Hill, New Jersey 07803

State of New Jersey Cash Management Fund  
Division of Investments  
Department of Treasury  
Trenton, New Jersey 08625

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Mine Hill Township Board of Education  
Mine Hill, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mine Hill Township Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education'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 the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity'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 Mine Hill Township Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Mine Hill Township Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information 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 Mine Hill Township Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Mine Hill Township Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules 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, financial schedules and statistical section 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, 2015 on our consideration of the Mine Hill Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Mine Hill Township Board of Education's internal control over financial reporting and compliance.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 16, 2015

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

This section of the Mine Hill Township Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year include the following:

- The net position of the Mine Hill Township Board of Education at the close of the fiscal year was \$5,363,903.
- Overall revenues were \$10,644,512. General revenues accounted for \$8,937,093 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,707,419 or 16% of total revenues.
- The school district had \$10,946,685 in expenses for governmental activities; only \$1,572,615 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$8,937,047 were adequate to provide funding for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,293,457. The General Fund balance at June 30, 2015 was \$1,214,665, a decrease of \$774,430 when compared with the beginning balance of \$1,989,095 at July 1, 2014.
- The General Fund unassigned budgetary basis fund balance at June 30, 2015 was \$281,356, which represents a decrease of \$57,693 compared to the ending unassigned budgetary basis fund balance at June 30, 2014 of \$339,049.
- The school district maintains a Capital Reserve balance of \$767,888 and a Maintenance Reserve balance of \$116,299 at June 30, 2015.

# MINE HILL TOWNSHIP BOARD OF EDUCATION

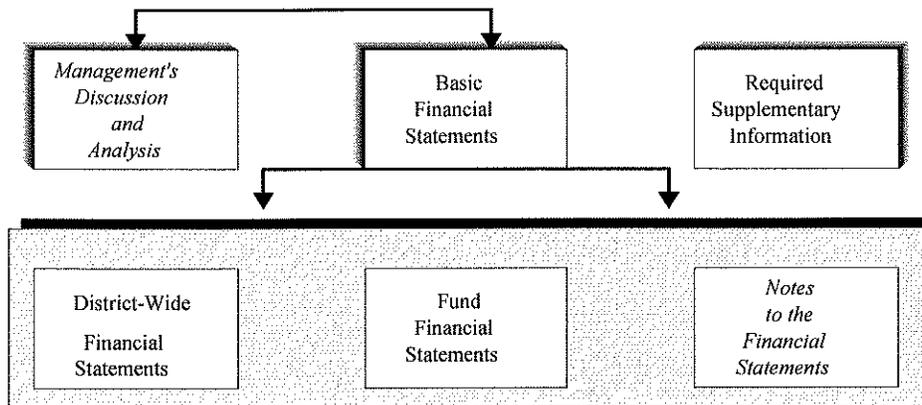
## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
  - Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
  - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below presents how the various parts of this annual report are arranged and related to one another.



# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, special education, building maintenance and administration	Activities the district operates similar to a private business: enterprise funds - food service and adult education	Instances in which the district administers resources on behalf of someone else, such as unemployment, payroll agency, and student activities
Required financial Statements	Statements of net position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in fund net position Statement of cash flows	Statements of fiduciary net position, Statement of changes in fiduciary net position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources are expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital and short-term and long-term	All assets, deferred outflows/inflows of resources and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

### District-Wide Financial Statements

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

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the District's financial health or position.

# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

### District-Wide Financial Statements (continued)

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aid finances most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund are included under this category.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

- *Proprietary Funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

### Fund Financial Statements (continued)

*Enterprise Funds* –These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has only one enterprise fund.

- *Fiduciary Funds* – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

### DISTRICT-WIDE FINANCIAL ANALYSIS

Changes in Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,363,903 as of June 30, 2015. See the following schedule:

# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Statement of Net Position As of June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 1,554,659	\$ 2,339,806	\$ 23,363	\$ 51,017	\$ 1,578,022	\$ 2,390,823
Capital Assets	<u>6,390,962</u>	<u>6,024,241</u>	<u>17,968</u>	<u>-</u>	<u>6,408,930</u>	<u>6,024,241</u>
<b>Total Assets</b>	<u>7,945,621</u>	<u>8,364,047</u>	<u>41,331</u>	<u>51,017</u>	<u>7,986,952</u>	<u>8,415,064</u>
Deferred Amounts on Net Pension Liability	<u>59,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,568</u>	<u>-</u>
<b>Total Assets and Deferred</b>	<u>8,005,189</u>	<u>8,364,047</u>	<u>41,331</u>	<u>51,017</u>	<u>8,046,520</u>	<u>8,415,064</u>
<b>Outflow of Resources</b>						
Current Liabilities	278,491	101,956	1,944	9,503	280,435	111,459
Non-Current Liabilities	<u>2,341,867</u>	<u>2,499,942</u>	<u>-</u>	<u>-</u>	<u>2,341,867</u>	<u>2,499,942</u>
<b>Total Liabilities</b>	<u>2,620,358</u>	<u>2,601,898</u>	<u>1,944</u>	<u>9,503</u>	<u>2,622,302</u>	<u>2,611,401</u>
Deferred Amounts on Net Pension Liability	59,705			-	59,705	
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>610</u>	<u>562</u>	<u>610</u>	<u>562</u>
<b>Total Liabilities and Deferred</b>	<u>2,680,063</u>	<u>2,601,898</u>	<u>2,554</u>	<u>10,065</u>	<u>2,682,617</u>	<u>2,611,963</u>
<b>Inflow of Resources</b>						
Net Position:						
Net Investment in Capital Assets	5,172,962	4,661,241	17,698	-	5,190,660	4,661,241
Restricted	962,979	1,252,857	-	-	962,979	1,252,857
Unrestricted	<u>(810,815)</u>	<u>(151,949)</u>	<u>21,079</u>	<u>40,952</u>	<u>(789,736)</u>	<u>(110,997)</u>
<b>Total Net Position</b>	<u>\$ 5,325,126</u>	<u>\$ 5,762,149</u>	<u>\$ 38,777</u>	<u>\$ 40,952</u>	<u>\$ 5,363,903</u>	<u>\$ 5,803,101</u>

# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

### Changes in Net Position For the Fiscal Years Ended June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ -	\$ 485	\$ 75,223	\$ 84,745	\$ 75,223	\$ 85,230
Operating Grants and Contributions	1,572,615	1,052,530	59,581	59,640	1,632,196	1,112,170
General Revenues						
Property Taxes	6,583,691	6,562,148			6,583,691	6,562,148
State Aid - Unrestricted	2,332,261	2,443,365			2,332,261	2,443,365
Other	21,095	46,349	46	48	21,141	46,397
<b>Total Revenues</b>	<u>10,509,662</u>	<u>10,104,877</u>	<u>134,850</u>	<u>144,433</u>	<u>10,644,512</u>	<u>10,249,310</u>
<b>Expenses</b>						
Instruction						
Regular	5,445,147	2,893,133			5,445,147	2,893,133
Special Education	2,232,834	658,155			2,232,834	658,155
Other Instruction	139,886	28,941			139,886	28,941
Other Special Instruction		9,642			-	9,642
Support Services						
Tuition		3,229,361			-	3,229,361
Student and Instruction Related Serv.	673,340	659,025			673,340	659,025
General Administrative Services	527,587	260,600			527,587	260,600
School Administrative Services	300,307	241,070			300,307	241,070
Central Services	247,500	215,116			247,500	215,116
Plant Operations and Maintenance	592,629	453,221			592,629	453,221
Pupil Transportation	726,106	664,871			726,106	664,871
Interest on Long-Term Debt	61,349	70,230			61,349	70,230
Food Services	-	-	137,025	136,862	137,025	136,862
<b>Total Expenses</b>	<u>10,946,685</u>	<u>9,383,365</u>	<u>137,025</u>	<u>136,862</u>	<u>11,083,710</u>	<u>9,520,227</u>
Change in Net Position	(437,023)	721,512	(2,175)	7,571	(439,198)	729,083
Net Position, Beginning of Year	5,762,149	6,030,099	40,952	33,381	5,803,101	6,063,480
Prior Year Adjustment	-	(989,462)	-	-	-	(989,462)
Net Position, End of Year	<u>\$ 5,325,126</u>	<u>\$ 5,762,149</u>	<u>\$ 38,777</u>	<u>\$ 40,952</u>	<u>\$ 5,363,903</u>	<u>\$ 5,803,101</u>

# MINE HILL TOWNSHIP BOARD OF EDUCATION

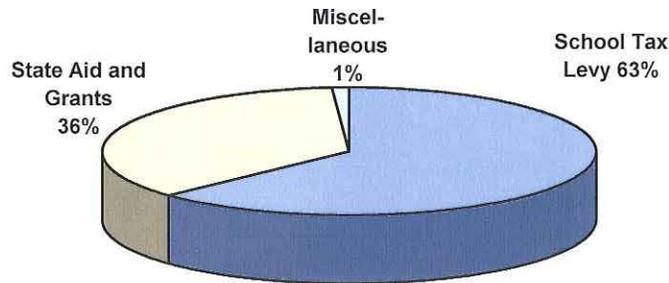
## Management's Discussion and Analysis

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$10,509,662 for the fiscal year ended June 30, 2015. Property taxes of \$6,583,691 represented 63% percent of revenues. Another significant portion of revenues came from State aid; total State, Federal and local aid was \$3,904,876.

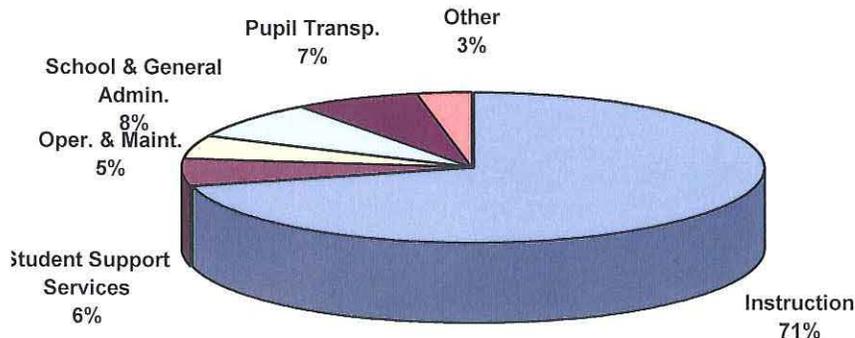
The total cost of all governmental activities programs and services was \$10,946,685. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$7,817,867 (71%) of total expenditures. Student support services, exclusive of administration, total \$673,340 or (6%) of total expenditures.

Total governmental activities revenues were less than expenses decreasing net position \$437,023 from the previous year.

Revenues by Source- Governmental Activities  
For Fiscal Year Ended June 30, 2015



Expenditures by Type- Governmental Activities  
For Fiscal Year Ended June 30, 2015



# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

**Net Cost of Governmental Activities.** The District's total cost of services was \$10,946,685. After applying program revenues, derived from operating grants and contributions of \$1,572,615; the net cost of services of the District is \$9,374,070.

### Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2015 and 2014

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Instruction				
Regular	\$ 5,445,147	\$ 2,893,133	\$ 4,689,059	\$ 2,463,808
Special Education	2,232,834	658,155	1,670,605	115,326
Other Instruction	139,886	28,941	57,041	28,941
Other Special Instruction	-	9,642		5,572
Support Services				
Tuition	-	3,229,361		3,229,361
Student and Instruction Related Svcs.	673,340	659,025	638,740	652,465
General Administrative Services	527,587	260,600	527,587	260,600
School Administrative Services	300,307	241,070	250,541	215,057
Central Services	247,500	215,116	247,500	215,116
Plant Operations and Maintenance	592,629	453,221	552,366	453,221
Pupil Transportation	726,106	664,871	679,282	620,653
Interest on Long-Term Debt	61,349	70,230	61,349	70,230
	\$ 10,946,685	\$ 9,383,365	\$ 9,374,070	\$ 8,330,350
Total Governmental Activities	\$ 10,946,685	\$ 9,383,365	\$ 9,374,070	\$ 8,330,350

**Business-Type Activities** – The District's total business-type activities revenues were \$134,850 for the fiscal year ended June 30, 2015. Charges for services accounted for 56% of total revenues.

The total cost of all business-type activities programs and services was \$137,025. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District.

Total business-type activities revenues were less than expenses, decreasing net position by \$2,175 from the last year balance.

# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,293,457. At June 30, 2014, the fund balance was \$2,259,880.

Revenues for the District's governmental funds were \$10,004,836, while total expenses were \$10,971,259.

**General Fund** - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	<u>Years Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Change</u>
Local Sources	\$ 6,393,696	\$ 6,398,757	\$ (5,061)	-0.08%
State Sources	<u>3,204,559</u>	<u>3,218,244</u>	<u>(13,685)</u>	-0.43%
Total Revenues	<u>\$ 9,598,255</u>	<u>\$ 9,617,001</u>	<u>\$ (18,746)</u>	-0.19%

Total General Fund Revenues decreased by \$18,746 or 0.19% over the previous year.

State aid revenues decreased \$13,685, primarily due to a decreased TPAF pension contribution.

# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	<u>Years Ended June 30,</u>		<u>Amount of</u>	<u>Amount of</u>
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Change</u>
Current				
Instruction	\$ 6,965,223	\$ 2,334,087	\$ 4,631,136	198.41%
Undistributed Expenditures	2,804,182	6,482,712	(3,678,530)	-56.74%
Capital Outlay	<u>603,280</u>	<u>112,969</u>	<u>490,311</u>	434.02%
 Total Expenditures	 <u>\$ 10,372,685</u>	 <u>\$ 8,929,768</u>	 <u>\$ 1,442,917</u>	 16.16%

In 2014-2015 General Fund revenues were less than expenditures by \$774,430. As a result, total fund balance decreased to \$1,214,665 at June 30, 2015. After deducting statutory transfers and reserves, the unassigned fund balance (deficit) decreased from \$68,517 at June 30, 2014 to \$(122,861) at June 30, 2015.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$195,491, for the fiscal year ended June 30, 2015. Federal sources accounted for all of the Special Revenue Fund's revenue.

Total Special Revenue Fund revenues decreased by \$82,160 from the previous year.

Expenditures of the Special Revenue Fund were \$195,491. Instructional expenditures were \$187,032 or 96% of total expended for the fiscal year ended June 30, 2015.

**Capital Projects** - The capital projects revenues and other financing sources were less than expenditures and other financing uses by \$191,993 decreasing fund balance to \$78,792 at June 30, 2015. The decrease is due to the writing off of uncollectable SDA grant receivable balances in 2014-15.

### Proprietary Funds

The District maintains an Enterprise Fund to account for activities that are supported in part through user fees.

**Enterprise Funds** - The District uses the Enterprise Fund to report activities related to the Food Services program. The District's Enterprise Funds provide the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the District's business-type activities.

# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

### GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are detailed on Exhibit C-1 of the CAFR.

### CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2015 amounts to \$6,408,930 (net of accumulated depreciation). The capital assets consist of land, site improvements, buildings and building improvements, and equipment. Depreciation charges for fiscal year 2014-15 amounted to \$236,559 for governmental activities and \$0 for business-type activities.

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 59,696	\$ 59,696		
Site Improvements	148,254	148,254		
Buildings and Building Improvements	8,944,960	8,893,783		
Machinery and Equipment	<u>1,337,418</u>	<u>785,315</u>	<u>\$ 73,258</u>	<u>\$ 55,290</u>
 Total	 10,490,328	 9,887,048	 73,258	 55,290
Less: Accumulated Depreciation	<u>4,099,366</u>	<u>3,862,807</u>	<u>(55,290)</u>	<u>(55,290)</u>
 Total	 <u>\$ 6,390,962</u>	 <u>\$ 6,024,241</u>	 <u>\$ 17,968</u>	 <u>\$ -</u>

Additional information on the District's capital assets is presented in Note 3 of this report.

# MINE HILL TOWNSHIP BOARD OF EDUCATION

## Management's Discussion and Analysis

### LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$122,011, bonds payable of \$1,218,000 and net pension liability of \$1,001,896.

### Outstanding Long-Term Liabilities

	<u>2015</u>	<u>2014</u>
Bonds Payable	\$ 1,218,000	\$ 1,363,000
Compensated Absences Payable	122,011	147,480
Net Pension Liability	<u>1,001,856</u>	<u>989,462</u>
 Total	 <u>\$ 2,341,867</u>	 <u>\$ 2,499,942</u>

Additional information of the District's long-term liabilities is presented in Note 4 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2015/2016 budget. The primary factors were the District's projected student population, the condition of the facility, the condition of the New Jersey economy, and the economic difficulties that face the region. Going forward beyond 2015/2016, the District will be faced with the potential of level or reduced State aid and a strict 2% budget CAP.

The District's total budget for 2015/2016 is \$9,819,949. The Mine Hill Township Board of Education looks forward to working within the State mandated budget CAP restrictions while maintaining a high level of academic standard; providing a high quality of education for area students at a reasonable cost to taxpayers.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Office of the School Business Administrator, Mine Hill Township Board of Education, 42 Canfield Avenue, Mine Hill, NJ 07803.

**FINANCIAL STATEMENTS**

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,414,062	\$ 5,757	\$ 1,419,819
Internal Balances	(5,293)	5,293	-
Due from Other Funds	79,110		79,110
Receivables from Other Governments, net	66,780	9,886	76,666
Inventory		2,427	2,427
Capital Assets Not Being Depreciated	59,696		59,696
Capital Assets, Being Depreciated, net	<u>6,331,266</u>	<u>17,968</u>	<u>6,349,234</u>
Total Assets	<u>7,945,621</u>	<u>41,331</u>	<u>7,986,952</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>59,568</u>	-	<u>59,568</u>
Total Assets and Deferred Outflows of Resources	<u>8,005,189</u>	<u>41,331</u>	<u>8,046,520</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	241,904		241,904
Accrued Interest Payable	17,289		17,289
Due to Other Funds	6,429		6,429
Unearned Revenue	12,869	1,944	14,813
<b>Noncurrent Liabilities</b>			
Due Within One Year	150,000		150,000
Due Beyond One Year	<u>2,191,867</u>	-	<u>2,191,867</u>
Total Liabilities	<u>2,620,358</u>	<u>1,944</u>	<u>2,622,302</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	59,705		59,705
Deferred Commodities Revenue	-	610	610
Total Liabilities and Deferred Inflow of Resources	<u>2,680,063</u>	<u>2,554</u>	<u>2,682,617</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,172,962	17,698	5,190,660
Restricted for			
Capital Projects	846,680		846,680
Maintenance	116,299		116,299
Unrestricted	<u>(810,815)</u>	<u>21,079</u>	<u>(789,736)</u>
Total Net Position	<u>\$ 5,325,126</u>	<u>\$ 38,777</u>	<u>\$ 5,363,903</u>

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

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 5,445,147	\$ -	\$ 756,088		\$ (4,689,059)		\$ (4,689,059)
Special Education	2,232,834		562,229		(1,670,605)		(1,670,605)
Other Special Instruction	139,886		82,845		(57,041)		(57,041)
Support Services							
Student and Instruction Related Services	673,340		34,600		(638,740)		(638,740)
General Administration Services	527,587				(527,587)		(527,587)
School Administration Services	300,307		49,766		(250,541)		(250,541)
Central Services	247,500		-		(247,500)		(247,500)
Plant Operations and Maintenance	592,629		40,263		(552,366)		(552,366)
Pupil Transportation	726,106		46,824		(679,282)		(679,282)
Interest on Long-Term Debt	61,349	-	-	-	(61,349)	-	(61,349)
<b>Total Governmental Activities</b>	<b>10,946,685</b>	<b>-</b>	<b>1,572,615</b>	<b>-</b>	<b>(9,374,070)</b>	<b>-</b>	<b>(9,374,070)</b>
<b>Business-Type Activities</b>							
Food Service	137,025	75,223	59,581	-	-	\$ (2,221)	(2,221)
<b>Total Business-Type Activities</b>	<b>137,025</b>	<b>75,223</b>	<b>59,581</b>	<b>-</b>	<b>-</b>	<b>(2,221)</b>	<b>(2,221)</b>
<b>Total Primary Government</b>	<b>\$ 11,083,710</b>	<b>\$ 75,223</b>	<b>\$ 1,632,196</b>	<b>\$ -</b>	<b>(9,374,070)</b>	<b>(2,221)</b>	<b>(9,376,291)</b>
<b>General Revenues</b>							
Property Taxes, Levied for							
General Purposes					6,372,601		6,372,601
Debt Service					211,090		211,090
Investment Earnings					6,140	46	6,186
State Aid Not Restricted					2,332,261		2,332,261
Miscellaneous Income					14,955	-	14,955
<b>Total General Revenues</b>					<b>8,937,047</b>	<b>46</b>	<b>8,937,093</b>
Change in Net Position					(437,023)	(2,175)	(439,198)
Net Position, Beginning of Year (Restated)					5,762,149	40,952	5,803,101
Net Position, End of Year					\$ 5,325,126	\$ 38,777	\$ 5,363,903

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**FUND FINANCIAL STATEMENTS**

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,335,270		\$ 78,792		\$ 1,414,062
Due from Other Funds	95,797				95,797
Receivables, Net					
Receivables from Other Governments	<u>23,118</u>	<u>\$ 43,662</u>	<u>-</u>	<u>-</u>	<u>66,780</u>
Total Assets	<u>\$ 1,454,185</u>	<u>\$ 43,662</u>	<u>\$ 78,792</u>	<u>\$ -</u>	<u>\$ 1,576,639</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 227,798	\$ 14,106			\$ 241,904
Due to Other Funds	11,722	16,687			28,409
Unearned Revenue	<u>-</u>	<u>12,869</u>	<u>-</u>	<u>-</u>	<u>12,869</u>
Total Liabilities	<u>239,520</u>	<u>43,662</u>	<u>-</u>	<u>-</u>	<u>283,182</u>
<b>Fund Balances</b>					
<b>Restricted Fund Balance</b>					
Capital Reserve	767,888				767,888
Maintenance Reserve	116,299				116,299
Capital Projects			78,792		78,792
<b>Committed Fund Balance</b>					
Encumbrances	183,716				183,716
<b>Assigned Fund Balance</b>					
Encumbrances	107,376				107,376
Designated for Subsequent Year's Budget	162,247				162,247
Unassigned Fund Balance	<u>(122,861)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,861)</u>
Total Fund Balances	<u>1,214,665</u>	<u>-</u>	<u>78,792</u>	<u>-</u>	<u>1,293,457</u>
Total Liabilities and Fund Balances	<u>\$ 1,454,185</u>	<u>\$ 43,662</u>	<u>\$ 78,792</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,490,328 and the accumulated depreciation is \$4,099,366. 6,390,962

Interest on long-term debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due. (17,289)

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 59,568	
Deferred Inflows of Resources	<u>(59,705)</u>	(137)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

Bonds Payable	\$ (1,218,000)	
Net Pension Liability	(1,001,856)	
Compensated Absences	<u>(122,011)</u>	(2,341,867)

Net Position of Governmental Activities \$ 5,325,126

**MINE HILL TOWNSHIP BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 6,372,601			\$ 211,090	\$ 6,583,691
Interest	6,140				6,140
Miscellaneous	14,955	\$ -	\$ -	-	14,955
Total - Local Sources	<u>6,393,696</u>	<u>-</u>	<u>-</u>	<u>211,090</u>	<u>6,604,786</u>
Intergovernmental					
State Sources	3,204,559			-	3,204,559
Federal Sources	-	195,491	-	-	195,491
Total Intergovernmental Sources	<u>3,204,559</u>	<u>195,491</u>	<u>-</u>	<u>-</u>	<u>3,400,050</u>
Total Revenues	<u>9,598,255</u>	<u>195,491</u>	<u>-</u>	<u>211,090</u>	<u>10,004,836</u>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	4,835,868	-			4,835,868
Special Education Instruction	2,071,960	104,187			2,176,147
Other Instruction	57,395	82,845			140,240
Support Services					
Student and Instruction Related Services	651,460	8,459			659,919
General Administration Services	322,929		191,993		514,922
School Administration Services	271,745				271,745
Central Services	248,832				248,832
Plant Operations and Maintenance	583,079				583,079
Pupil Transportation	726,137				726,137
Debt Service					
Principal				145,000	145,000
Interest and Other Charges	-			66,090	66,090
Capital Outlay	603,280	-	-	-	603,280
Total Expenditures	<u>10,372,685</u>	<u>195,491</u>	<u>191,993</u>	<u>211,090</u>	<u>10,971,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(774,430)	-	(191,993)	-	(966,423)
Fund Balance, Beginning of Year	<u>1,989,095</u>	<u>-</u>	<u>270,785</u>	<u>-</u>	<u>2,259,880</u>
Fund Balance, End of Year	<u>\$ 1,214,665</u>	<u>\$ -</u>	<u>\$ 78,792</u>	<u>\$ -</u>	<u>\$ 1,293,457</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ (966,423)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities those costs are shown in the statement and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Capital Outlay	\$ 603,280	
Depreciation Expense	<u>(236,559)</u>	
		366,721

Repayment of debt service principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Additionally, governmental funds report the effect of premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Bond Principal	<u>145,000</u>	
		145,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		4,741
------------------------------	--	-------

In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Pension Expenses	(12,531)	
Net Decrease in Compensated Absences Liability	<u>25,469</u>	-
		<u>12,938</u>

**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ (437,023)**

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2015**

		<b><u>Other Non-Major Fund</u></b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$	5,757
Intergovernmental Receivable		
Federal		9,561
State		325
Due from Other Funds		5,293
Inventories		<u>2,427</u>
Total Current Assets		<u>23,363</u>
Non-Current Assets		
Capital Assets		73,258
Less: Accumulated Depreciation		<u>(55,290)</u>
Total Non-Current Assets		<u>17,968</u>
Total Assets		<u>41,331</u>
<b>LIABILITIES</b>		
Current Liabilities		
Unearned Revenue		<u>1,944</u>
Total Current Liabilities		<u>1,944</u>
Total Liabilities		<u>1,944</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Commodities Revenue		<u>610</u>
Total Liabilities and Deferred Inflows of Resources		<u>2,554</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		17,698
Unrestricted		<u>21,079</u>
Total Net Position	\$	<u><u>38,777</u></u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Other Non-Major Fund</u>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 75,223
Total Operating Revenues	<u>75,223</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales	68,220
Salaries and Wages	41,720
Payroll Taxes	6,373
Employee Benefits	4,507
Purchased Property Services	13,068
Supplies and Materials	<u>3,137</u>
Total Operating Expenses	<u>137,025</u>
Operating (Loss)	<u>(61,802)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
School Lunch Program	1,585
Federal Sources	
Special Milk Program	151
School Breakfast Program	5,854
National School Lunch Program	41,900
Food Distribution Program	10,091
Local Sources	
Interest Revenue	<u>46</u>
Total Nonoperating Revenues	<u>59,627</u>
Change in Net Position	(2,175)
Net Position, Beginning of Year	<u>40,952</u>
Net Position, End of Year	<u>\$ 38,777</u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b><u>Other Non-Major Fund</u></b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 77,167
Cash Payments for Employees Salaries & Benefits	(52,600)
Cash Payments to Suppliers for Goods and Services	<u>(83,974)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(59,407)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES</b>	
Cash Received from State and Federal Subsidy Reimbursements	49,759
Cash Received from Other Funds	<u>4,510</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>54,269</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	<u>(17,968)</u>
Net Cash Provided by (Used For) Capital and Related Financing Activities	<u>(17,968)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	<u>46</u>
Net Cash Provided by (Used for) Investing Activities	<u>46</u>
Net Change in Cash and Cash Equivalents	(23,060)
Cash and Cash Equivalents, Beginning of Year	<u>28,817</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,757</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES</b>	
Operating (Loss)	\$ <u>(61,802)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	
Federal Food Distribution Program	10,091
Change in Assets and Liabilities	
(Increase) Decrease in Inventories	(185)
Increase (Decrease) in Accounts Payable	(9,503)
Increase (Decrease) in Commodities Revenue	48
Increase (Decrease) in Unearned Revenue	<u>1,944</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (59,407)</u>
Non-Cash Financing Activities	
Valued Received - Food Distribution Program	<u>\$ 10,139</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 28,584	\$ 109,027
Due from Other Funds	<u>6,429</u>	<u>-</u>
Total Assets	<u>35,013</u>	<u>\$ 109,027</u>
<b>LIABILITIES</b>		
Due to Other Funds		79,110
Payroll Deductions and Withholdings		12,267
Amount Due to Student Groups		17,650
Due to State of New Jersey	<u>206</u>	<u>-</u>
Total Liabilities	<u>206</u>	<u>\$ 109,027</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims	<u>\$ 34,807</u>	

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS</b>	
Board Contributions	\$ 42,489
Interest Earnings	<u>41</u>
Total Additions	<u>42,530</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>31,561</u>
Change in Net Position	10,969
Net Position , Beginning of Year	<u>23,838</u>
Net Position , End of the Year	<u>\$ 34,807</u>

**NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Mine Hill Township Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Mine Hill Township Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 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*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. 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.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District’s enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. The District considers all of its governmental funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

**Reclassifications**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-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 with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when 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 Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

Property taxes, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) 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. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash and Cash Equivalents***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

***3. Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

***4. Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**4. *Capital Assets (Continued)***

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	10-50
Machinery and Equipment	10-15
Vehicles	8
Computer Equipment	5

**5. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial 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. The Board has one item which arises only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial 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 period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items, which arises only under the accrual basis of accounting that qualify for reporting in this category. The one item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category is the deferred commodities revenue. The deferred commodities revenue is reported in both the district-wide and the proprietary funds statements. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused personal, and sick leave benefits. A long-term liability of accumulated personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *Pensions*

In the district-wide financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. 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.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. *Long-Term Obligations*

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**9. Net Position/Fund Balance (Continued)**

**Governmental Fund Statements**

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2D.)

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

*Capital Projects* – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

*Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, 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 property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**2. *Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Tuition Expenditures***

Tuition Expenditures - Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

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 enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board previously adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$961,071. The increase was funded by additional capital and maintenance reserve appropriations, grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or 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 which are reappropriated and honored during the subsequent fiscal year.

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in an unfavorable variance.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Capital Outlay			
Equipment – Required Maintenance for School Facilities	\$586,869	\$608,339	\$(21,470)

The above variances were offset with other available resources.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Deficit Fund Equity**

The District has an unassigned fund balance deficit of \$122,861 in the General Fund as of June 30, 2015 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2014/2015 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$122,861 in the General Fund is equal to or less than the delayed state aid payments.

**D. Capital Reserve**

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve 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 fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 1,000,158
Increased by	
Deposits Approved by Board Resolution	100,000
	1,100,158
Withdrawals	
Approved by Board Resolution	332,270
Balance, June 30, 2015	<u>\$ 767,888</u>

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**E. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 152,699
Withdrawals	
Approved by Board Resolution	<u>36,400</u>
Balance, June 30, 2015	<u>\$ 116,299</u>

**F. Transfers to Capital Outlay**

During the 2014/2015 school year, the district transferred \$232,742 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$1,557,430 and bank and brokerage firm balances of the Board's deposits amounted to \$1,991,595. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ 1,988,652
Uninsured and Collateralized	<u>2,943</u>
	<u>\$ 1,991,595</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board's bank balance of \$2,943 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department not in the Board's name	<u>\$ 2,943</u>
	<u>\$ 2,943</u>

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, the Board had no outstanding investments.

Interest Rate Risk – The Board 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 – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2015 for the district's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental-					
Federal		\$ 43,662		\$ 9,561	\$ 53,223
State	\$ 9,846		\$ 362,521	325	372,692
Local	<u>13,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,272</u>
Gross Receivables	23,118	43,662	362,521	9,886	439,187
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>(362,521)</u>	<u>-</u>	<u>(362,521)</u>
Net Total Receivables	<u>\$ 23,118</u>	<u>\$ 43,662</u>	<u>\$ -</u>	<u>\$ 9,886</u>	<u>\$ 76,666</u>

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 125
Grant Draw Downs Reserved for Encumbrances	<u>12,744</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 12,869</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, July 1, 2014	Increases	Decreases	Balance, June 30, 2015
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 59,696	-	-	\$ 59,696
Total Capital Assets, Not Being Depreciated	<u>59,696</u>	<u>-</u>	<u>-</u>	<u>59,696</u>
Capital Assets, Being Depreciated:				
Site Improvements	148,254			148,254
Buildings and Building Improvements	8,893,783	\$ 51,177		8,944,960
Machinery and Equipment	785,315	552,103	-	1,337,418
Total Capital Assets Being Depreciated	<u>9,827,352</u>	<u>603,280</u>	<u>-</u>	<u>10,430,632</u>
Less Accumulated Depreciation for:				
Site Improvements	(148,254)			(148,254)
Buildings and Building Improvements	(3,171,859)	(212,312)		(3,384,171)
Machinery and Equipment	(542,694)	(24,247)	-	(566,941)
Total Accumulated Depreciation	<u>(3,862,807)</u>	<u>(236,559)</u>	<u>-</u>	<u>(4,099,366)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,964,545</u>	<u>366,721</u>	<u>-</u>	<u>6,331,266</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,024,241</u>	<u>\$ 366,721</u>	<u>\$ -</u>	<u>\$ 6,390,962</u>
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Machinery and Equipment	\$ 55,290	\$ 17,968	-	\$ 73,258
Total Capital Assets, Not Being Depreciated	<u>55,290</u>	<u>17,968</u>	<u>-</u>	<u>73,258</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(55,290)	-	-	(55,290)
Total Accumulated Depreciation	<u>(55,290)</u>	<u>-</u>	<u>-</u>	<u>(55,290)</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ 17,968</u>	<u>\$ -</u>	<u>\$ 17,968</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental Activities:**

Instruction	
Regular	\$ 220,075
Support Services	
Student and Instruction Related Services	1,251
General Administration	1,434
School Administration	3,526
Plant Operations and Maintenance	<u>10,273</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 236,559</u>

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Remaining Commitment</u>
Retrofit LED Lighting	\$ 3,308
General Repairs and Maintenance	11,672
Electrical Upgrades	<u>180,965</u>
 Total	 <u>\$ 195,945</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2015, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 16,687
General Fund	Student Activity Fund	5,000
General Fund	Payroll Agency	74,110
Food Service Fund	General Fund	5,293
Unemployment Fund	General Fund	<u>6,429</u>
 Total		 <u>\$ 107,519</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**F. Leases**

**Operating Leases**

The District leases postage machines and copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2015 were \$18,918. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	18,942
2017	18,942
2018	11,777
2019	7,148
2020	<u>756</u>
 Total	 <u>\$ 57,565</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2015 are comprised of the following issues:

\$2,633,000, 2001 Bonds, due in annual installments of \$150,000 to \$198,000 through March 1, 2022, interest at 4.70% to 5.00%	<u>\$1,218,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2016	\$ 150,000	\$ 59,275	\$ 209,275
2017	155,000	52,150	207,150
2018	165,000	44,788	209,788
2019	175,000	36,950	211,950
2020	185,000	28,419	213,419
2021-2022	<u>388,000</u>	<u>29,300</u>	<u>417,300</u>
Total	<u>\$ 1,218,000</u>	<u>\$ 250,881</u>	<u>\$ 1,468,881</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 12,963,621
Less: Net Debt	<u>1,218,000</u>
Remaining Borrowing Power	<u>\$ 11,745,621</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Deferred Pension Obligation**

Pursuant to P.L. 2009, C.19, the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50%. The deferred amount is not available. In 2014/15, the Board contributed \$2,248 for the deferred pension with interest. The deferred amount is being paid back with interest over 15 years beginning in the 2012/2013 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time.

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, July 1, 2014	Additions	Reductions	Balance, June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 1,363,000	-	\$ 145,000	\$ 1,218,000	\$ 150,000
Compensated Absences	147,480		25,469	122,011	
Net Pension Liability	<u>989,462</u>	<u>\$ 12,531</u>	<u>137</u>	<u>1,001,856</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 2,499,942</u>	<u>\$ 12,531</u>	<u>\$ 170,606</u>	<u>\$ 2,341,867</u>	<u>\$ 150,000</u>

For the governmental activities, the liabilities for compensated absences and deferred pension obligations are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the School Alliance Insurance Fund (SAIF). The Fund is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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

Fiscal Year Ended <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 42,489		\$ 31,561	\$ 34,807
2014			23,306	23,838
2013		\$ 2,556	10,252	47,082

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 43,361	\$ 105,271	\$ 2,369
2014	41,206	89,743	3,219
2013	42,356	128,543	5,519

For fiscal years 2014/2015 and 2012/2013, the state contributed \$105,271 and \$128,543, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$89,743 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$167,835 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS)**

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$1,001,856 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .00535 percent, which was an increase of .00017 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$61,261 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience Changes of Assumptions	\$ 31,504	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 59,705
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>28,064</u>	<u>-</u>
Total	<u>\$ 59,568</u>	<u>\$ 59,705</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2016	\$ (3,976)
2017	(3,976)
2018	(3,976)
2019	(3,976)
2020	10,950
Thereafter	<u>4,817</u>
	<u>\$ (137)</u>

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

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

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%



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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$610,097 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$11,338,109. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial	June 30, 2012

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

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

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

**TPAF**

Period of Projected Benefit

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<b>1% Decrease <u>(3.68%)</u></b>	<b>Current Discount Rate <u>(4.68%)</u></b>	<b>1% Increase <u>(5.68%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$13,636,767</u>	<u>\$ 11,338,109</u>	<u>\$9,426,227</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$167,118, \$147,144 and \$145,350, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 RESTATEMENT**

On July 1, 2014, the Mine Hill Township Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Mine Hill Township Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$989,462. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$6,751,611 as originally reported to \$5,762,149 as adjusted for the effects of the change in accounting principle.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 6,372,601		\$ 6,372,601	\$ 6,372,601	
Interest			-	6,140	\$ 6,140
Interest on Capital Reserve	1,424		1,424	-	(1,424)
Miscellaneous	24,002	-	24,002	14,955	(9,047)
<b>Total Local Sources</b>	<b>6,398,027</b>	<b>-</b>	<b>6,398,027</b>	<b>6,393,696</b>	<b>(4,331)</b>
State Sources					
School Choice Aid	1,126,464		1,126,464	1,102,996	(23,468)
Transportation Aid	45,265		45,265	45,265	-
Special Education Aid	345,041		345,041	345,041	-
Equalization Aid	1,207,054		1,207,054	1,207,054	-
Security Aid	40,270		40,270	40,270	-
Additional Adjustment Aid	13,849		13,849	13,849	-
PARCC Readiness Aid	5,480		5,480	5,480	-
Per Pupil Growth Aid	5,480		5,480	5,480	-
Extraordinary Aid			-	130,659	130,659
Non-Public Transportation Aid			-	1,566	1,566
On-behalf TPAF					
Pension Contributions - Normal Cost			-	98,206	98,206
Pension Contributions - NCGI			-	7,065	7,065
Post Retirement Medical Cont.			-	167,118	167,118
Social Security Payments - Non Budget	-	-	-	167,835	167,835
<b>Total State Sources</b>	<b>2,788,903</b>	<b>-</b>	<b>2,788,903</b>	<b>3,337,884</b>	<b>548,981</b>
<b>Total Revenues</b>	<b>9,186,930</b>	<b>-</b>	<b>9,186,930</b>	<b>9,731,580</b>	<b>544,650</b>
<b>EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	65,971	(2,040)	63,931	63,931	-
Kindergarten	196,602	37,950	234,552	233,435	1,117
Grades 1-5	1,283,221	(35,403)	1,247,818	1,246,141	1,677
Grades 6-8	188,960	(39,030)	149,930	149,283	647
Regular Program - Home Instruction					
Salaries of Teachers	2,000	(1,723)	277	-	277
Purchased Prof. - Ed. Services	4,500	3,186	7,686	4,392	3,294
Other Purch. Serv.	500	-	500	-	500
Regular Programs - Undistributed Instruction					
Purchased Technical Services	21,040	(17,747)	3,293	3,275	18
Other Purch. Serv.	6,059	18,589	24,648	23,058	1,590
General Supplies	125,731	85,253	210,984	208,767	2,217
Textbooks	1,000	(895)	105	-	105
Other Objects	1,000	-	1,000	955	45
<b>Total Regular Programs</b>	<b>1,896,584</b>	<b>48,140</b>	<b>1,944,724</b>	<b>1,933,237</b>	<b>11,487</b>
Special Education - Instruction					
Visual Impairments					
Purchased Professional-Educational Svcs.	1,700	-	1,700	-	1,700
<b>Total Visual Impairments</b>	<b>1,700</b>	<b>-</b>	<b>1,700</b>	<b>-</b>	<b>1,700</b>
Multiple Disabilities					
Salaries of Teachers	134,345	(3,855)	130,490	130,238	252
Other Salaries for Instruction	81,827	(31,803)	50,024	40,382	9,642
General Supplies	4,060	7	4,067	3,955	112
<b>Total Multiple Disabilities</b>	<b>220,232</b>	<b>(35,651)</b>	<b>184,581</b>	<b>174,575</b>	<b>10,006</b>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Special Education (Continued)					
Resource Room / Resource Center					
Salaries of Teachers	\$ 127,870	\$ (4,992)	\$ 122,878	\$ 122,878	
Other Salaries for Instruction	115,384	18,279	133,663	133,663	
General Supplies	2,185	(36)	2,149	1,844	\$ 305
Total Resource Room / Resource Center	245,439	13,251	258,690	258,385	305
Total Special Education	467,371	(22,400)	444,971	432,960	12,011
School Sponsored Co/Extra Curricular Activities					
Salaries	15,648	9,367	25,015	25,015	-
Supplies and Materials	1,000	(500)	500	-	500
Total School Sponsored Co/Extra Curricular Activities	16,648	8,867	25,515	25,015	500
Before/After School Programs - Instruction					
Salaries	-	518	518	80	438
Total Before/After School Programs - Instruction	-	518	518	80	438
Summer School - Instruction					
Salaries	-	15,705	15,705	15,705	-
Total Summer School - Instruction	-	15,705	15,705	15,705	-
Total Instruction	2,380,603	50,830	2,431,433	2,406,997	24,436
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	2,083,376	(86,747)	1,996,629	1,995,729	900
Tuition to Other LEAs Within the State - Special	499,609	(39,763)	459,846	457,486	2,360
Tuition to Co. Voc. School District - Regular	257,814	(101,328)	156,486	142,260	14,226
Tuition to CSSD and Regional Day Schools Within the State	64,934	(4,592)	60,342	60,342	-
Tuition to Priv. Sch. for the Handicap Within the State	992,329	(30,681)	961,648	938,413	23,235
Total Undistributed Expenditures - Instruction	3,898,062	(263,111)	3,634,951	3,594,230	40,721
Attendance & Social Work					
Salaries	1,700	100	1,800	1,800	-
Total Attendance & Social Work	1,700	100	1,800	1,800	-
Health Services					
Salaries	56,388	(122)	56,266	56,266	
Purchased Professional and Technical Services	3,100	652	3,752	3,712	40
Other Purch. Services	200	(111)	89	40	49
Supplies and Materials	3,330	1,296	4,626	4,626	-
Other Objects	250	(180)	70	-	70
Total Health Services	63,268	1,535	64,803	64,644	159
Speech, OT, PT & Related Services					
Purch. Prof. Ed Services	173,686	(11,568)	162,118	128,698	33,420
Supplies and Materials	1,810	(958)	852	499	353
Total Speech, OT, PT & Related Services	175,496	(12,526)	162,970	129,197	33,773

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures (Continued)					
Other Support Services - Extra Services					
Purchased Professional - Educational Services	\$ 29,139	\$ (17,132)	\$ 12,007	\$ 12,007	-
Total Other Support Services - Extra Services	<u>29,139</u>	<u>(17,132)</u>	<u>12,007</u>	<u>12,007</u>	<u>-</u>
Guidance					
Salaries of Other Professional Staff	57,963	(1,275)	56,688	56,688	-
Other Purch. Prof. & Tech. Serv.	1,000	(677)	323	-	\$ 323
Other Purchased Services	500	-	500	346	154
Supplies and Materials	876	3	879	879	-
Other Objects	500	(3)	497	209	288
Total Guidance	<u>60,839</u>	<u>(1,952)</u>	<u>58,887</u>	<u>58,122</u>	<u>765</u>
Child Study Team					
Salaries of Other Professional Staff	-	1,839	1,839	1,839	-
Salaries of Secretarial and Clerical Assistants	27,810	-	27,810	27,810	-
Purchased Professional - Educational Svs.	149,913	4,554	154,467	147,442	7,025
Other Purchased Professional and Tech. Services	-	-	-	-	-
Other Purchased Services	2,000	-	2,000	1,832	168
Supplies and Materials	4,115	(500)	3,615	3,123	492
Other Objects	1,200	(892)	308	-	308
Total Child Study Team	<u>185,038</u>	<u>5,001</u>	<u>190,039</u>	<u>182,046</u>	<u>7,993</u>
Improvement of Instructional Services					
Salaries of Other Prof. Staff	3,750	-	3,750	3,521	229
Total Improvement of Instructional Services	<u>3,750</u>	<u>-</u>	<u>3,750</u>	<u>3,521</u>	<u>229</u>
Educational Media Services/School Library					
Salaries	51,650	7,213	58,863	58,863	-
Other Purchased Services	34,300	(1,900)	32,400	28,175	4,225
Supplies and Materials	9,595	-	9,595	8,453	1,142
Total Educational Media Serv./School Library	<u>95,545</u>	<u>5,313</u>	<u>100,858</u>	<u>95,491</u>	<u>5,367</u>
Staff Training Services					
Purchased Professional/Educational Services	6,000	-	6,000	2,952	3,048
Other Purchased Services	1,500	-	1,500	743	757
Supplies and Materials	100	-	100	-	100
Other Purchased Services	1,000	-	1,000	350	650
Total Staff Training Services	<u>8,600</u>	<u>-</u>	<u>8,600</u>	<u>4,045</u>	<u>4,555</u>
Support Services General Administration					
Salaries	151,611	2,827	154,438	149,888	4,550
Legal Services	20,000	4,960	24,960	24,377	583
Audit Fees	20,300	-	20,300	20,300	-
Architectural/Engineering Services	7,500	7,558	15,058	15,058	-
Other Purchased Prof. Serv.	-	6,425	6,425	6,425	-
Purchased Technical Services	10,200	(3,235)	6,965	5,891	1,074
Communications/Telephone	20,500	188	20,688	14,100	6,588
BOE Other Purchased Prof. Serv.	5,000	(1,401)	3,599	2,603	996
Other Purchased Services	500	1,079	1,579	1,551	28
General Supplies	3,400	(42)	3,358	2,823	535
BOE In-House Training/Meeting Supplies	-	158	158	158	-
Miscellaneous Expenditures	950	-	950	896	54
BOE Membership Dues and Fees	7,600	(115)	7,485	6,071	1,414
Total Support Services General Administration	<u>247,561</u>	<u>18,402</u>	<u>265,963</u>	<u>250,141</u>	<u>15,822</u>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	\$ 109,063	\$ 2,357	\$ 111,420	\$ 111,420	-
Salaries of Secretarial and Clerical Assistants	60,710	6,360	67,070	67,070	-
Other Purchased Services	14,100	(2,514)	11,586	9,677	\$ 1,909
Supplies and Materials	6,096	(74)	6,022	5,736	286
Other Objects	1,000	274	1,274	1,274	-
<b>Total Support Services School Administration</b>	<b>190,969</b>	<b>6,403</b>	<b>197,372</b>	<b>195,177</b>	<b>2,195</b>
Central Services					
Salaries	151,175	2,381	153,556	153,556	-
Purchased Prof. Services	1,000	3,000	4,000	3,775	225
Purchased Technical Services	16,440	1,688	18,128	18,128	-
Miscellaneous Purchased Services	8,700	-	8,700	6,757	1,943
Supplies and Materials	3,700	(1,385)	2,315	1,904	411
Misc. Expenditures	1,200	1,553	2,753	2,253	500
<b>Total Central Services</b>	<b>182,215</b>	<b>7,237</b>	<b>189,452</b>	<b>186,373</b>	<b>3,079</b>
Required Maintenance for School Facilities					
Salaries	52,610	(2,402)	50,208	50,208	-
Cleaning, Repair and Maintenance	39,000	38,160	77,160	65,199	11,961
General Supplies	5,000	463	5,463	5,308	155
Other Objects	600	1,931	2,531	2,365	166
<b>Total Required Maintenance for School Facilities</b>	<b>97,210</b>	<b>38,152</b>	<b>135,362</b>	<b>123,080</b>	<b>12,282</b>
Custodial Services					
Salaries	25,946	7,160	33,106	33,106	-
Purchased Prof. And Technical Serv.	147,578	44,864	192,442	173,876	18,566
Cleaning, Repair and Maint. Serv.	12,500	(5,864)	6,636	6,573	63
Other Purchased Property Services	9,818	(2,250)	7,568	7,547	21
Insurance	33,762	912	34,674	34,673	1
Miscellaneous Purchased Services	3,000	(1,932)	1,068	995	73
General Supplies	-	809	809	788	21
Energy (Natural Gas)	55,000	(5,704)	49,296	47,159	2,137
Energy (Electricity)	62,084	3,229	65,313	49,945	15,368
Energy (Gasoline)	450	(191)	259	-	259
<b>Total Custodial Services</b>	<b>350,138</b>	<b>41,033</b>	<b>391,171</b>	<b>354,662</b>	<b>36,509</b>
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	5,000	2,993	7,993	7,993	-
General Supplies	1,000	(1,000)	-	-	-
<b>Total Care &amp; Upkeep of Grounds</b>	<b>6,000</b>	<b>1,993</b>	<b>7,993</b>	<b>7,993</b>	<b>-</b>
Student Transportation Services					
Salaries of Non-Instructional Aides	3,500	131	3,631	3,631	-
Contracted Services (Other than Between Home and School)-					
Vendors					
Contracted Services (Spl. Ed. Students) - Vendors	5,000	1,713	6,713	6,713	-
Contracted Services (Spl. Ed. Students) - Joint Agreements	4,500	(2,325)	2,175	2,175	-
Contracted Services (Reg. Students) - ESC's	-	52,954	52,954	52,954	-
Contracted Services (Reg. Students) - ESC's	291,828	(3,056)	288,772	288,772	-
Contracted Services (Spl. Ed. Students) - ESC's	318,340	25,555	343,895	343,895	-
Contracted Services - Aide in Lieu - Non-Public	17,325	9,935	27,260	26,520	740
Contracted Services - Aide in Lieu - Charter School	19,448	(19,448)	-	-	-
<b>Total Student Transportation Services</b>	<b>659,941</b>	<b>65,459</b>	<b>725,400</b>	<b>724,660</b>	<b>740</b>

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT(Continued)</b>					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 66,950	\$ 4,645	\$ 71,595	\$ 66,341	\$ 5,254
Other Retirement Contributions - PERS	51,351	(2,621)	48,730	48,730	-
Unemployment	30,000	12,490	42,490	42,490	-
Workers Compensation	31,227	2,509	33,736	33,736	-
Health Benefits	504,977	123,016	627,993	611,751	16,242
Tuition Reimbursement	5,000	1,318	6,318	6,318	-
Other Employee Benefits	13,000	15,295	28,295	26,443	1,852
<b>Total Unallocated Benefits - Employee Benefits</b>	<u>702,505</u>	<u>156,652</u>	<u>859,157</u>	<u>835,809</u>	<u>23,348</u>
On-Behalf TPAF (Non-Budget)					
Pension Contributions - Normal Cost				98,206	(98,206)
Pension Contributions NCGI				7,065	(7,065)
Post Retirement Medical Cont.				167,118	(167,118)
Social Security Payments - Non Budget	-	-	-	167,835	(167,835)
<b>Total On-Behalf Payments</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,224</u>	<u>(440,224)</u>
<b>Total Undistributed Expenditures</b>	<u>6,957,976</u>	<u>52,559</u>	<u>7,010,535</u>	<u>7,263,222</u>	<u>(252,687)</u>
<b>Total Current Expenditures</b>	<u>9,338,579</u>	<u>103,389</u>	<u>9,441,968</u>	<u>9,670,219</u>	<u>(228,251)</u>
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve	1,424	(1,424)	-	-	-
<b>Total Interest</b>	<u>1,424</u>	<u>(1,424)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equipment					
Undistributed Expenditures					
Instruction	8,000	13,369	21,369	18,618	2,751
Support Services - Students - Spec.		2,395	2,395	2,395	-
Central Services	9,393	5,487	14,880	-	14,880
Admin. Info Tech.	13,040	(13,040)	-	-	-
Required Maintenance for School Facilities	-	586,869	586,869	608,339	(21,470)
<b>Total Undist. Exp. - Non-Instructional Services</b>	<u>30,433</u>	<u>595,080</u>	<u>625,513</u>	<u>629,352</u>	<u>(3,839)</u>
Facilities Acquisition and Construction Serv.					
Infrastructure		232,742	232,742	51,777	180,965
Assessment for Debt Service on SDA Funding	11,821	-	11,821	11,821	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>11,821</u>	<u>232,742</u>	<u>244,563</u>	<u>63,598</u>	<u>180,965</u>
Capital Reserve Transfer to Capital Projects	-	1,424	1,424	-	1,424
<b>Total Capital Outlay</b>	<u>43,678</u>	<u>827,822</u>	<u>871,500</u>	<u>692,950</u>	<u>178,550</u>
Transfer of Funds to Charter Schools	9,763	(9)	9,754	9,516	238
<b>Total Expenditures</b>	<u>9,392,020</u>	<u>931,202</u>	<u>10,323,222</u>	<u>10,372,685</u>	<u>(49,463)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(205,090)	(931,202)	(1,136,292)	(641,105)	495,187
Fund Balance, Beginning of Year	2,259,987	-	2,259,987	2,259,987	-
<b>Fund Balance, End of Year</b>	<u>\$ 2,054,897</u>	<u>\$ (931,202)</u>	<u>\$ 1,123,695</u>	<u>\$ 1,618,882</u>	<u>\$ 495,187</u>

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>Recapitulation of Fund Balance</b>					
Restricted Fund Balance					
Capital Reserve				\$ 767,888	
Maintenance Reserve				116,299	
Committed Fund Balance					
Encumbrances				183,716	
Assigned Fund Balance					
Designated for Subsequent Year's Budget				162,247	
Encumbrances				107,376	
Unassigned Fund Balance				<u>281,356</u>	
Fund Balance (Budgetary Basis)				1,618,882	
Less:					
State Aid not Recognized on GAAP Basis				<u>(404,217)</u>	
Fund Balance (GAAP Basis)				<u>\$ 1,214,665</u>	

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 181,908	\$ 29,869	\$ 211,777	\$ 208,235	\$ (3,542)
Total Revenues	<u>\$ 181,908</u>	<u>\$ 29,869</u>	<u>\$ 211,777</u>	<u>\$ 208,235</u>	<u>\$ (3,542)</u>
<b>EXPENDITURES</b>					
Instruction					
Personnel Services - Salaries	\$ 66,980	\$ (3,728)	\$ 63,252	\$ 63,252	-
Tuition	114,928	(6,247)	108,681	108,681	-
General Supplies	-	15,137	15,137	14,872	\$ 265
Total Instruction	<u>181,908</u>	<u>5,162</u>	<u>187,070</u>	<u>186,805</u>	<u>265</u>
Support Services					
Personnel Services - Salaries		4,198	4,198	3,720	478
Personnel Services - Employee Benefits		13,955	13,955	11,156	2,799
Purchased Professional and Technical Services	-	6,554	6,554	6,554	-
Total Support Services	<u>-</u>	<u>24,707</u>	<u>24,707</u>	<u>21,430</u>	<u>3,277</u>
Total Expenditures	<u>\$ 181,908</u>	<u>\$ 29,869</u>	<u>\$ 211,777</u>	<u>\$ 208,235</u>	<u>\$ 3,542</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds 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 following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual revenues (budgetary basis)	(C-1) \$ 9,731,580	(C-2) \$ 208,235
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2015		(12,744)
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	(404,217)	
State Aid payments recognized for GAAP statements, not recognized for Budgetary purposes (prior year)	<u>270,892</u>	<u>-</u>
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>9,598,255</u>	(B-2) \$ <u>195,491</u>
<b>Uses/Outflows of Resources</b>		
Actual expenditures (budgetary basis)	(C-1) \$ <u>10,372,685</u>	(C-2) \$ <u>208,235</u>
Differences - budget to GAAP		
Encumbrances for supplies 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.		
Encumbrances, June 30, 2015	<u>-</u>	<u>(12,744)</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>10,372,685</u>	(B-2) \$ <u>195,491</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Two Fiscal Years\***

	<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.00535	%	0.00518	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,001,856		\$ 989,462	
District's Covered-Employee Payroll	\$ 345,301		\$ 374,391	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	34.47%		37.84%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%		48.72%	

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 44,113	\$ 39,009
Contributions in Relation to the Contractually Required Contribution	<u>44,113</u>	<u>39,009</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 345,301	\$ 374,391
Contributions as a Percentage of Covered-Employee Payroll	12.78%	10.42%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Two Fiscal Years\***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>11,338,109</u>	<u>10,054,085</u>
<b>Total</b>	<b><u>\$ 11,338,109</u></b>	<b><u>\$ 10,054,085</u></b>
District's Covered-Employee Payroll	\$ 2,092,420	\$ 2,054,589
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MINE HILL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Change of Benefit Terms:** None.

**Change of Assumptions:** The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

**SPECIAL REVENUE FUND**

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

	<u>IDEA</u> <u>Part B Basic</u> <u>Regular</u>	<u>IDEA</u> <u>Part B Basic</u> <u>Preschool</u>	<u>No Child Left Behind</u>		<u>Total</u>
			<u>Title</u>	<u>Title IIA</u>	
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 105,568	\$ 3,113	\$ 93,000	\$ 6,554	\$ 208,235
Total Revenues	<u>\$ 105,568</u>	<u>\$ 3,113</u>	<u>\$ 93,000</u>	<u>\$ 6,554</u>	<u>\$ 208,235</u>
<b>EXPENDITURES</b>					
Instruction					
Personnel Services - Salaries			\$ 63,252		\$ 63,252
Tuition	\$ 105,568	\$ 3,113			108,681
General Supplies	-	-	14,872	-	14,872
Total Instruction	<u>105,568</u>	<u>3,113</u>	<u>78,124</u>	<u>-</u>	<u>186,805</u>
Support Services					
Personnel Services - Salaries			3,720		3,720
Personnel Services - Employee Benefits			11,156		11,156
Purchased Professional and Technical Services	-	-	-	\$ 6,554	6,554
Total Support Services	<u>-</u>	<u>-</u>	<u>14,876</u>	<u>6,554</u>	<u>21,430</u>
Total Expenditures	<u>\$ 105,568</u>	<u>\$ 3,113</u>	<u>\$ 93,000</u>	<u>\$ 6,554</u>	<u>\$ 208,235</u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS SCHEDULE IS NOT APPLICABLE

**CAPITAL PROJECTS FUND**

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Amount Authorized</u>	<u>Adjustments</u>	<u>Amended Authorization</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2015</u>
				<u>Prior Years</u>	<u>Current Year</u>	
Renovation of Fire Alarms & HVAC System	\$ 560,002	\$ (224,001)	\$ 336,001	\$ 133,683		\$ 202,318
Renovation of Classrooms & Bathrooms	<u>368,781</u>	<u>(146,608)</u>	<u>222,773</u>	<u>346,299</u>	<u>-</u>	<u>(123,526)</u>
	<u>\$ 928,783</u>	<u>\$ (370,609)</u>	<u>\$ 558,774</u>	<u>\$ 479,982</u>	<u>\$ -</u>	<u>\$ 78,792</u>

Analysis of Restricted Fund Balance:

Fund Balance, Budgetary Basis	\$ <u>78,792</u>
Fund Balance, GAAP Basis	\$ <u>78,792</u>

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

**Expenditures and Other Financing Uses**

General Administration, Bad Debt Expense	
Cancelled SDA Receivable	\$ <u>362,521</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	
Other Financing Sources (Uses)	(362,521)
Fund Balance, July 1, 2014	\$ <u>441,313</u>
Fund Balance, June 30, 2015	\$ <u><u>78,792</u></u>
<b>Reconciliation to Governmental Funds Statements (GAAP Basis):</b>	
Fund Balance (Budgetary Basis)	\$ <u>78,792</u>
Fund Balance Per Governmental Funds (GAAP Basis)	\$ <u><u>78,792</u></u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
RENOVATIONS OF FIRE ALARMS AND HVAC SYSTEM  
DISTRICT-WIDE NETWORK INFRASTRUCTURE  
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 224,001	\$ (224,001)		
Transfer from Capital Reserve	18,521		\$ 18,521	\$ 18,521
Transfer from Capital Outlay	317,480	-	317,480	317,480
	<u>560,002</u>	<u>(224,001)</u>	<u>336,001</u>	<u>336,001</u>
<b>Total Revenues and Other Financing Sources</b>				
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	133,683		133,683	183,683
Construction Services				356,319
Other Objects	-	-	-	20,000
	<u>133,683</u>	<u>-</u>	<u>133,683</u>	<u>560,002</u>
<b>Total Expenditures and Other Financing Uses</b>				
Excess of Revenues Over Expenditures	<u>\$ 426,319</u>	<u>\$ (224,001)</u>	<u>\$ 202,318</u>	<u>\$ (224,001)</u>
<b>Additional Project Information:</b>				
Project Number	3240-030-09-1001			
Grant Date	June 29, 2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 560,002			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 560,002			
<b>Percentage Increase Over Original</b>				
Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	9/1/2011			
Revised Target Completion Date	9/1/2011			

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
RENOVATIONS OF CLASSROOMS AND BATHROOMS  
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 138,520	\$ (138,520)		
Transfer from Capital Reserve	186,479		\$ 186,479	\$ 186,479
Transfer from Capital Outlay	<u>36,294</u>	<u>-</u>	<u>36,294</u>	<u>36,294</u>
 Total Revenues and Other Financing Sources	 <u>361,293</u>	 <u>(138,520)</u>	 <u>222,773</u>	 <u>222,773</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	32,534		32,534	35,000
Construction Services	313,765		313,765	323,293
Other Objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
 Total Expenditures and Other Financing Uses	 <u>346,299</u>	 <u>-</u>	 <u>346,299</u>	 <u>361,293</u>
 Excess of Revenues Over Expenditures	 <u>\$ 14,994</u>	 <u>\$ (138,520)</u>	 <u>\$ (123,526)</u>	 <u>\$ (138,520)</u>
 Additional Project Information:				
Project Number	3240-030-09-1002			
Grant Date	June 29, 2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 368,781			
Additional Authorized Cost	\$ (7,488)			
Revised Authorized Cost	\$ 361,293			
 Percentage Increase Over Original				
Authorized Cost	-2.03%			
Percentage Completion	100.00%			
Original Target Completion Date	9/1/2010			
Revised Target Completion Date	9/1/2010			

**ENTERPRISE FUND**

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
ENTERPRISE FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITON  
AS OF JUNE 30, 2015**

	<u>Agency</u>		
	<u>Student</u>	<u>Payroll</u>	<u>Total</u>
	<u>Activity</u>		<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 22,650	\$ 86,377	\$ 109,027
Total Assets	<u>\$ 22,650</u>	<u>\$ 86,377</u>	<u>\$ 109,027</u>
<b>LIABILITIES</b>			
Due to Other Funds	\$ 5,000	\$ 74,110	\$ 79,110
Payroll Deductions and Withholdings		12,267	12,267
Due to Student Groups	<u>17,650</u>	<u>-</u>	<u>17,650</u>
Total Liabilities	<u>\$ 22,650</u>	<u>\$ 86,377</u>	<u>\$ 109,027</u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2015</u>
Canfield Avenue School	\$ 16,839	\$ 26,192	\$ 25,381	\$ 17,650

**STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS**

	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 21,839	\$ 26,192	\$ 25,381	\$ 22,650
Total Assets	<u>\$ 21,839</u>	<u>\$ 26,192</u>	<u>\$ 25,381</u>	<u>\$ 22,650</u>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 16,839	\$ 26,192	\$ 25,381	\$ 17,650
Due to Other Funds	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total	<u>\$ 21,839</u>	<u>\$ 26,192</u>	<u>\$ 25,381</u>	<u>\$ 22,650</u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Balance, July 1, <u>2014</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2015</u></b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 80,265	\$ 3,305,341	\$ 3,299,229	\$ 86,377
Receivables from State Governments	<u>25,924</u>	<u>-</u>	<u>25,924</u>	<u>-</u>
 Total Assets	 <u>\$ 106,189</u>	 <u>\$ 3,305,341</u>	 <u>\$ 3,325,153</u>	 <u>\$ 86,377</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 32,079	\$ 3,305,341	\$ 3,325,153	\$ 12,267
Due to Other Funds	<u>74,110</u>	<u>-</u>	<u>-</u>	<u>74,110</u>
 Total Liabilities	 <u>\$ 106,189</u>	 <u>\$ 3,305,341</u>	 <u>\$ 3,325,153</u>	 <u>\$ 86,377</u>

**LONG-TERM DEBT**

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
Various School Improvements	3/01/01	\$ 2,633,000	3/1/2016	150,000	4.70%				
			3/1/2017	155,000	4.75%				
			3/1/2018	165,000	4.75%				
			3/1/2019	175,000	4.88%				
			3/1/2020	185,000	4.85%				
			3/1/2021	190,000	5.00%				
			3/1/2022	198,000	5.00%				
						\$ 1,363,000	-	\$ 145,000	\$ 1,218,000
						\$ 1,363,000	\$ -	\$ 145,000	\$ 1,218,000

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 211,090	-	\$ 211,090	\$ 211,090	-
Total Revenues	<u>211,090</u>	<u>-</u>	<u>211,090</u>	<u>211,090</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest	66,090		66,090	66,090	
Redemption of Principal	<u>145,000</u>	<u>-</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>
Total Expenditures	<u>211,090</u>	<u>-</u>	<u>211,090</u>	<u>211,090</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

**MINE HILL TOWNSHIP BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014 Restated	2015
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 1,770,092	\$ 1,736,455	\$ 1,837,904	\$ 2,231,711	\$ 6,010,886	\$ 4,840,165	\$ 4,720,183	\$ 4,618,277	\$ 4,661,241	\$ 5,172,962
Restricted	469,995	269,392	470,819	460,537	728,535	217,613	482,863	1,125,158	1,252,857	962,979
Unrestricted	45,936	97,668	140,536	(23,351)	(73,248)	462,235	262,755	286,664	(151,949)	(810,815)
<b>Total Governmental Activities Net Position</b>	<b>\$ 2,286,023</b>	<b>\$ 2,103,515</b>	<b>\$ 2,449,259</b>	<b>\$ 2,668,897</b>	<b>\$ 6,666,173</b>	<b>\$ 5,520,013</b>	<b>\$ 5,465,801</b>	<b>\$ 6,030,099</b>	<b>\$ 5,762,149</b>	<b>\$ 5,325,126</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 19,621	\$ 12,173	\$ 7,304	\$ 2,435		\$ 6,481	\$ 3,777	\$ 1,073		\$ 17,698
Unrestricted	10,300	5,778	7,850	15,286	17,424	15,520	25,952	32,308	40,952	21,079
<b>Total Business-Type Activities Net Position</b>	<b>\$ 29,921</b>	<b>\$ 17,951</b>	<b>\$ 15,154</b>	<b>\$ 17,721</b>	<b>\$ 17,424</b>	<b>\$ 22,001</b>	<b>\$ 29,729</b>	<b>\$ 33,381</b>	<b>\$ 40,952</b>	<b>\$ 38,777</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 1,789,713	\$ 1,748,628	\$ 1,845,208	\$ 2,234,146	\$ 6,010,886	\$ 4,846,646	\$ 4,723,960	\$ 4,619,350	\$ 4,661,241	\$ 5,190,660
Restricted	469,995	269,392	470,819	460,537	728,535	217,613	482,863	1,125,158	1,252,857	962,979
Unrestricted/(Deficit)	56,236	103,446	148,386	(8,065)	(55,824)	477,755	288,707	318,972	(110,997)	(789,736)
<b>Total District Net Position</b>	<b>\$ 2,315,944</b>	<b>\$ 2,121,466</b>	<b>\$ 2,464,413</b>	<b>\$ 2,686,618</b>	<b>\$ 6,683,597</b>	<b>\$ 5,542,014</b>	<b>\$ 5,495,530</b>	<b>\$ 6,063,480</b>	<b>\$ 5,803,101</b>	<b>\$ 5,363,903</b>

Note 1 - Net Position at June 30, 2012 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 CHANGES IN NET POSITION  
 LAST TEN FISCAL YEARS  
 (Unaudited)  
 (accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 2,199,310	\$ 2,378,350	\$ 2,437,301	\$ 2,481,856	\$ 2,409,777	\$ 2,292,887	\$ 2,401,705	\$ 2,618,840	\$ 2,893,133	\$ 5,445,147
Special Education	417,608	474,026	427,578	437,530	572,297	697,209	759,755	916,538	658,155	2,232,834
Other Special Instruction							35,044	63,594	9,642	139,886
Other Instruction	35,936	23,847	34,992	37,170	64,655	66,542	51,815	30,244	28,941	-
<b>Support Services:</b>										
Tuition	3,095,148	3,083,500	2,753,074	2,605,750	2,788,930	3,249,630	3,874,104	3,308,918	3,219,845	
Student & Instruction Related Services	441,337	499,293	580,257	642,392	610,456	547,789	576,976	672,988	659,025	673,340
General Administration Services	423,773	343,664	346,676	391,061	395,012	424,331	227,860	192,037	260,600	527,587
School Administration Services	180,303	234,404	206,082	238,227	200,921	206,701	218,404	225,160	241,070	300,307
Central Services							174,726	179,873	215,116	247,500
Plant Operations And Maintenance	443,275	572,562	653,806	623,065	543,102	439,109	421,542	407,756	453,221	592,629
Pupil Transportation	481,650	515,798	550,023	557,788	516,820	528,155	524,187	625,041	664,871	726,106
<b>Capital Outlay</b>								20,255		
Charter Schools		18,182	26,859	29,266			8,075		9,516	
Interest On Long-Term Debt	110,475	106,200	101,849	97,275	92,475	87,375	81,900	76,200	70,230	61,349
<b>Total Governmental Activities Expenses</b>	<u>7,828,795</u>	<u>8,249,826</u>	<u>8,118,497</u>	<u>8,141,380</u>	<u>8,194,445</u>	<u>8,539,728</u>	<u>9,356,093</u>	<u>9,337,444</u>	<u>9,383,365</u>	<u>10,946,685</u>
<b>Business-Type Activities:</b>										
Food Service	110,942	107,945	118,165	140,618	132,064	139,226	149,709	149,048	136,862	137,025
<b>Total Business-Type Activities Expense</b>	<u>110,942</u>	<u>107,945</u>	<u>118,165</u>	<u>140,618</u>	<u>132,064</u>	<u>139,226</u>	<u>149,709</u>	<u>149,048</u>	<u>136,862</u>	<u>137,025</u>
<b>Total District Expenses</b>	<u>\$ 7,939,737</u>	<u>\$ 8,357,771</u>	<u>\$ 8,236,662</u>	<u>\$ 8,281,998</u>	<u>\$ 8,326,509</u>	<u>\$ 8,678,954</u>	<u>\$ 9,505,802</u>	<u>\$ 9,486,492</u>	<u>\$ 9,520,227</u>	<u>\$ 11,083,710</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Instruction - (Tuition)	\$ 46,038	\$ 24,126	\$ 68,644	\$ 19,425	\$ 7,714	\$ 9,543	\$ 42,721	\$ 40,862	\$ 485	\$ -
Operating Grants And Contributions	987,895	1,101,083	1,147,063	794,207	789,407	1,046,026	1,082,773	1,041,022	1,052,530	1,572,615
<b>Total Governmental Activities Program Revenues</b>	<u>1,033,933</u>	<u>1,125,209</u>	<u>1,215,707</u>	<u>813,632</u>	<u>797,121</u>	<u>1,055,569</u>	<u>1,125,494</u>	<u>1,081,884</u>	<u>1,053,015</u>	<u>1,572,615</u>
<b>Business-Type Activities:</b>										
Charges For Services										
Food Service	66,601	73,051	72,075	79,160	79,473	85,011	97,202	90,247	84,745	75,223
Operating Grants And Contributions	32,792	30,096	42,882	63,971	52,276	52,947	60,178	62,384	59,640	59,581
<b>Total Business Type Activities Program Revenues</b>	<u>99,393</u>	<u>103,147</u>	<u>114,957</u>	<u>143,131</u>	<u>131,749</u>	<u>137,958</u>	<u>157,380</u>	<u>152,631</u>	<u>144,385</u>	<u>134,804</u>
<b>Total District Program Revenues</b>	<u>\$ 1,133,326</u>	<u>\$ 1,228,356</u>	<u>\$ 1,330,664</u>	<u>\$ 956,763</u>	<u>\$ 928,870</u>	<u>\$ 1,193,527</u>	<u>\$ 1,282,874</u>	<u>\$ 1,234,515</u>	<u>\$ 1,197,400</u>	<u>\$ 1,707,419</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (6,794,862)	\$ (7,124,617)	\$ (6,902,790)	\$ (7,327,748)	\$ (7,397,324)	\$ (7,484,159)	\$ (8,230,599)	\$ (8,255,560)	\$ (8,330,350)	\$ (9,374,070)
Business-Type Activities	(11,549)	(4,798)	(5,208)	2,513	(315)	(1,268)	7,671	3,583	7,523	(2,221)
<b>Total District-Wide Net Expense</b>	<u>\$ (6,806,411)</u>	<u>\$ (7,129,415)</u>	<u>\$ (6,908,000)</u>	<u>\$ (7,325,235)</u>	<u>\$ (7,397,639)</u>	<u>\$ (7,485,427)</u>	<u>\$ (8,222,928)</u>	<u>\$ (8,251,977)</u>	<u>\$ (8,322,827)</u>	<u>\$ (9,376,291)</u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 5,329,955	\$ 5,728,000	\$ 5,728,000	\$ 5,545,000	\$ 5,502,447	\$ 5,722,545	\$ 5,836,996	\$ 6,103,736	\$ 6,351,923	\$ 6,372,601
Taxes Levied For Debt Service	95,000	65,516	101,501	106,575	111,650	120,000	208,775	205,225	210,225	211,090
Unrestricted Grants And Contributions	1,114,134	1,051,581	1,098,573	1,774,655	2,387,167	1,622,348	2,096,427	2,492,141	2,443,365	2,332,261
Investment and Miscellaneous Income	105,495	97,013	320,460	121,156	146,800	51,991	34,189	18,757	46,349	21,095
Special Item - Adjustment to Fixed Assets					3,250,296					
Transfers	-	-	-	-	(3,760)	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>6,644,584</b>	<b>6,942,110</b>	<b>7,248,534</b>	<b>7,547,386</b>	<b>11,394,600</b>	<b>7,516,884</b>	<b>8,176,387</b>	<b>8,819,859</b>	<b>9,051,862</b>	<b>8,937,047</b>
Business-Type Activities:										
Investment Earnings		198	412	55	19	65	57	69	48	46
Transfers	-	(7,369)	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>(7,171)</b>	<b>412</b>	<b>55</b>	<b>19</b>	<b>65</b>	<b>57</b>	<b>69</b>	<b>48</b>	<b>46</b>
<b>Total District-Wide</b>	<b>\$ 6,644,584</b>	<b>\$ 6,934,939</b>	<b>\$ 7,248,946</b>	<b>\$ 7,547,441</b>	<b>\$ 11,394,619</b>	<b>\$ 7,516,949</b>	<b>\$ 8,176,444</b>	<b>\$ 8,819,928</b>	<b>\$ 9,051,910</b>	<b>\$ 8,937,093</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (150,278)	\$ (182,507)	\$ 345,744	\$ 219,638	\$ 3,997,276	\$ 32,725	\$ (54,212)	\$ 564,299	\$ 721,512	\$ (437,023)
Business-Type Activities	(11,549)	(11,969)	(2,796)	2,568	(296)	(1,203)	7,728	3,652	7,571	(2,175)
<b>Total District</b>	<b>\$ (161,827)</b>	<b>\$ (194,476)</b>	<b>\$ 342,948</b>	<b>\$ 222,206</b>	<b>\$ 3,996,980</b>	<b>\$ 31,522</b>	<b>\$ (46,484)</b>	<b>\$ 567,951</b>	<b>\$ 729,083</b>	<b>\$ (439,198)</b>

**MINE HILL TOWNSHIP BOARD OF EDUCATION**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Reserved	\$ 422,734	\$ 303,843	\$ 506,694	\$ 471,723	\$ 446,254					
Unreserved	182,023	189,368	217,376	51,489	32,113					
Restricted						\$ 217,613	\$ 482,863	\$ 1,125,158	\$ 1,252,857	\$ 884,187
Committed										183,716
Assigned							17,402	93,573	667,721	269,623
Unassigned	-	-	-	-	-	304,725	97,728	83,131	68,517	(122,861)
<b>Total General Fund</b>	<b>\$ 604,757</b>	<b>\$ 493,211</b>	<b>\$ 724,070</b>	<b>\$ 523,212</b>	<b>\$ 478,367</b>	<b>\$ 522,338</b>	<b>\$ 597,993</b>	<b>\$ 1,301,862</b>	<b>\$ 1,989,095</b>	<b>\$ 1,214,665</b>
<b>All Other Governmental Funds</b>										
Reserved				20,188						
Unreserved, Reported in:										
Capital Projects Fund					\$ 270,785					
Debt Service Fund	\$ 30,909									
Unassigned (Deficit)								\$ (2,925)		
Restricted	-	-	-	-	-	\$ 270,785	\$ 270,785	270,785	\$ 270,785	\$ 78,792
<b>Total All Other Governmental Funds</b>	<b>\$ 30,909</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,188</b>	<b>\$ 270,785</b>	<b>\$ 270,785</b>	<b>\$ 270,785</b>	<b>\$ 267,860</b>	<b>\$ 270,785</b>	<b>\$ 78,792</b>

Beginning with Fiscal Year 2010/11, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**MINE HILL TOWNSHIP BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax Levy	\$ 5,536,855	\$ 5,899,716	\$ 5,931,350	\$ 5,748,850	\$ 5,706,572	\$ 5,931,720	\$ 6,045,771	\$ 6,308,961	\$ 6,562,148	\$ 6,583,691
Tuition Charges	46,038	24,126	68,644	19,425	7,714	9,543	42,721	40,862	485	-
Interest Earned on Capital Reserve							50	946		-
Miscellaneous	105,495	97,013	320,460	121,156	146,800	51,991	34,139	17,811	52,729	21,095
State Sources	1,821,172	1,880,203	1,986,201	2,308,847	2,496,554	2,371,201	2,892,599	3,296,201	3,218,244	3,204,559
Federal Sources	168,956	166,260	157,585	162,740	587,546	207,999	286,601	236,962	271,271	195,491
<b>Total Revenue</b>	<b>7,678,516</b>	<b>8,067,318</b>	<b>8,464,240</b>	<b>8,361,018</b>	<b>8,945,186</b>	<b>8,572,454</b>	<b>9,301,881</b>	<b>9,901,743</b>	<b>10,104,877</b>	<b>10,004,836</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,622,387	1,737,580	1,762,334	1,818,650	1,797,660	1,699,401	1,637,758	1,737,652	1,984,588	4,835,868
Special Education Instruction	327,599	361,902	323,899	344,013	437,380	566,464	577,571	578,747	432,128	2,176,147
Other Special Instruction							26,400	47,818		
Other Instruction	26,700	17,652	21,129	23,613	51,079	53,307	38,382	23,422	24,534	140,240
<b>Support Services:</b>										
Tuition	3,095,148	3,083,500	2,753,074	2,605,750	2,788,930	3,249,630	3,874,104	3,444,873	3,352,365	
Student and Inst. Related Services	383,218	431,918	503,622	558,795	534,192	474,775	519,549	642,263	632,877	659,919
General Administration Services	371,997	307,194	328,678	346,376	350,788	381,817	217,348	182,647	234,497	514,922
School Administrative Services	131,452	169,326	146,256	172,514	155,020	150,949	163,181	174,048	180,312	271,745
Central Services							151,396	159,540	186,581	248,832
Administration Information Technology	3,344	1,744	5,111	8,757						
Plant Operations And Maintenance	362,682	473,068	550,323	558,803	477,361	361,390	371,502	371,671	415,942	583,079
Pupil Transportation	481,630	515,798	550,023	557,788	516,011	527,396	523,281	624,383	664,263	726,137
Unallocated Benefits	769,727	885,045	915,483	884,003	812,400	759,355	900,291	972,254	966,789	
Charter Schools		18,182	26,859	29,266			8,075	8,434	9,516	
Capital Outlay	3,751	4,242	146,165	426,581	610,728	94,824	8,613	24,897	123,027	603,280
<b>Debt Service:</b>										
Principal	95,000	95,000	100,000	105,000	110,000	120,000	125,000	130,000	135,000	145,000
Interest and Other Charges	111,900	107,625	103,349	98,850	94,125	89,175	83,775	78,150	72,300	66,090
<b>Total Expenditures</b>	<b>7,786,535</b>	<b>8,209,776</b>	<b>8,236,305</b>	<b>8,538,759</b>	<b>8,735,674</b>	<b>8,528,483</b>	<b>9,226,226</b>	<b>9,200,799</b>	<b>9,414,719</b>	<b>10,971,259</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(108,019)	(142,458)	227,935	(177,741)	209,512	43,971	75,655	700,944	690,158	(966,423)
<b>Other Financing Sources (Uses)</b>										
Transfers In					526,240	-	-	-	-	-
Transfers Out	-	-	-	-	(530,000)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,760)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (108,019)</b>	<b>\$ (142,458)</b>	<b>\$ 227,935</b>	<b>\$ (177,741)</b>	<b>\$ 205,752</b>	<b>\$ 43,971</b>	<b>\$ 75,655</b>	<b>\$ 700,944</b>	<b>\$ 690,158</b>	<b>\$ (966,423)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	2.66%	2.47%	2.51%	2.51%	2.51%	2.48%	2.26%	2.27%	2.23%	2.04%

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b><u>Fiscal Year Ended June 30</u></b>	<b><u>Tuition</u></b>	<b><u>Interest on Investments</u></b>	<b><u>Prior Year Refunds</u></b>	<b><u>Rentals - Use of Facilities</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
2006	\$ 46,038	\$ 44,894			\$ 60,601	\$ 151,533
2007	24,126	51,990			45,023	121,139
2008	68,644	25,753	\$ 202,219	\$ 66,928	25,560	389,104
2009	19,425	4,025		95,983	21,148	140,581
2010	7,714	1,534	59,814	71,926	13,526	154,514
2011	9,543	3,526	6,039	35,963	5,463	60,534
2012	42,721	3,200		5,000	25,989	76,910
2013	40,862	4,164			14,593	59,619
2014	485	5,784	8,195		32,370	46,834
2015		6,140	-		14,955	21,095

Source: School District's Financial Statements

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)

Year	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total School Tax Rate <sup>b</sup>	
2006	*	33,235,700	453,439,400	23,700		29,070,200	18,594,300	722,300	535,085,600	429,295	535,514,895	23,115,900	452,300,051	1.070
2007		33,459,600	453,829,000	23,700		28,979,800	18,594,300	722,300	535,608,700	443,438	536,052,138	22,825,400	521,428,158	1.100
2008		20,309,600	454,795,300	23,700		28,936,700	18,655,600	722,300	523,443,200	548,783	523,991,983	34,558,000	534,511,212	1.110
2009		19,709,000	455,905,300	23,700		28,936,700	18,655,600	722,300	523,952,600	697,397	524,649,997	34,558,000	538,663,656	1.090
2010		19,792,300	455,574,500	88,600	\$ 23,700	28,936,200	18,655,600	722,300	523,793,200	935,064	524,728,264	33,890,300	516,868,718	1.110
2011	*	17,577,900	372,376,800	88,600	29,100	27,663,100	20,540,200	592,300	438,868,000	100	438,868,100	32,628,000	497,627,200	1.365
2012		16,828,000	372,524,600	88,600	29,100	27,663,100	20,540,200	592,300	438,265,900	100	438,266,000	35,057,900	460,713,189	1.410
2013		14,735,300	378,557,100	88,600	29,100	27,559,500	19,126,500	592,300	440,688,400	100	440,688,500	35,128,400	447,304,759	1.461
2014		11,901,100	386,049,700	88,600	29,100	27,559,500	19,126,500	592,300	445,346,800	100	445,346,900	35,325,900	439,154,028	1.475
2015		11,548,400	386,414,300	88,600	29,100	27,559,500	18,027,800	592,300	443,860,000	-	443,860,000	35,556,100	422,683,375	1.496

\* - Revaluation of real property was effective in this year.

a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b - Tax rates are per \$100

Source: Municipal Tax Assessor

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Year</u>		<u>School District</u>	<u>Mine Hill Township</u>	<u>Morris County</u>	<u>Total</u>
2006	*	\$ 1.070	\$ 0.500	\$ 0.210	\$ 1.780
2007		1.100	0.510	0.240	1.850
2008		1.110	0.610	0.240	1.960
2009		1.090	0.640	0.230	1.960
2010		1.110	0.640	0.230	1.980
2011	*	1.365	0.692	0.267	2.324
2012		1.410	0.724	0.258	2.392
2013		1.461	0.745	0.256	2.462
2014		1.475	0.755	0.254	2.484
2015		1.496	0.758	0.240	2.494

\* - Revaluation of real property was effective in this year.

Source: Tax Duplicate, Mine Hill Township

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
John Crimi/County Concrete	\$ 15,270,700	3.68%	INFORMATION NOT AVAILABLE	
Multi-Fab Sales and Service	3,221,000	0.72%		
Mroz Family Prperties, LLC	3,085,100	0.69%		
Stowaway Self Storage VI, LLC	3,059,000	0.69%		
Bruce & Diane Kreeger	2,429,700	0.55%		
B&G Land Management/Benkendorf	1,898,700	0.43%		
Bryant, Samuael T, Inc	1,120,300	0.38%		
National Investment Corp	1,060,700	0.29%		
Lot 1 Block 401 Real Estate Holding	988,200	0.24%		
Albert Ferrante	894,500	0.22%		
	<u>\$ 33,027,900</u>	<u>7.89%</u>	<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 5,536,855	\$ 5,536,855	100.00%	N/A
2007	5,899,716	5,899,716	100.00%	N/A
2008	5,931,350	5,931,350	100.00%	N/A
2009	5,748,850	5,748,850	100.00%	N/A
2010	5,706,572	5,706,572	100.00%	N/A
2011	5,931,720	5,931,720	100.00%	N/A
2012	6,045,771	6,045,771	100.00%	N/A
2013	6,308,961	6,308,961	100.00%	N/A
2014	6,562,148	6,562,148	100.00%	N/A
2015	6,583,691	6,570,419	99.80%	\$ 13,272

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>General Obligation Bonds</u>	<u>Population</u>	<u>Per Capita</u>
2006	\$ 2,283,000	3,587	\$ 636
2007	2,188,000	3,574	612
2008	2,088,000	3,568	585
2009	1,983,000	3,573	555
2010	1,873,000	3,645	514
2011	1,753,000	3,664	478
2012	1,628,000	3,679	443
2013	1,498,000	3,686	406
2014	1,363,000	3,657	373
2015	1,218,000	3,657 Est.	333

Source: District records

**MINE HILL TOWNSHIP BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2006	\$ 2,283,000	-	\$ 2,283,000	1.018%	\$ 653.66
2007	2,188,000	-	2,188,000	0.409%	630.31
2008	2,088,000	-	2,088,000	0.390%	609.98
2009	1,983,000	-	1,983,000	0.378%	584.22
2010	1,873,000	-	1,873,000	0.357%	555.77
2011	1,753,000	-	1,753,000	0.334%	524.21
2012	1,628,000	-	1,628,000	0.371%	479.75
2013	1,498,000	-	1,498,000	0.324%	443.36
2014	1,363,000	-	1,363,000	0.309%	406.84
2015	1,218,000	-	1,218,000	0.274%	369.78

Source: District records

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt			
Mine Hill Township (1)	4,108,892	1,725,600	\$ 2,383,292
Mine Hill Township Board of Education	<u>1,218,000</u>	<u>-</u>	<u>1,218,000</u>
	<u>\$ 1,218,000</u>	<u>\$ -</u>	<u>1,218,000</u>
Overlapping Debt Apportioned to the Municipality:			
County of Morris (2)			<u>1,155,351</u>
Total Direct and Overlapping Debt			<u>\$ 2,373,351</u>

## Sources:

- (1) Mine Hill Township Annual Debt Statement
- (2) Morris County Debt Statement December 31, 2014

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 9,828,253	\$ 12,354,521	\$ 12,557,822	13,292,863	\$ 13,253,978	\$ 12,847,860	\$ 12,216,156	\$ 11,627,493	\$ 11,109,097	\$ 12,963,621
Total Net Debt Applicable To Limit	2,283,000	2,188,000	2,088,000	1,983,000	1,873,000	1,753,000	1,628,000	1,498,000	1,363,000	1,218,000
Legal Debt Margin	<u>\$ 7,545,253</u>	<u>\$ 10,166,521</u>	<u>\$ 10,469,822</u>	<u>\$ 11,309,863</u>	<u>\$ 11,380,978</u>	<u>\$ 11,094,860</u>	<u>\$ 10,588,156</u>	<u>\$ 10,129,493</u>	<u>\$ 9,746,097</u>	<u>\$ 11,745,621</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.23%	17.71%	16.63%	14.92%	14.13%	13.64%	13.33%	12.88%	12.27%	9.40%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Equalized Valuation Basis

2014	\$ 421,809,812
2013	432,216,948
2012	<u>442,335,386</u>

Average Equalized Valuation Of Taxable Property \$ 432,120,715

Debt Limit (3% of Average Equalization Value) \$ 12,963,621  
 Total Net Debt Applicable to Limit 1,218,000

Legal Debt Margin \$ 11,745,621

Source: Annual Debt Statements

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>		<u>Per Capita Income</u>	<u>Population</u>	
2006	4.30	%	\$ 66,763	3,587	
2007	3.90		69,843	3,574	
2008	3.90		71,937	3,568	
2009	5.10		67,698	3,573	
2010	5.10		68,656	3,645	
2011	8.80		71,914	3,664	
2012	8.50		74,826	3,679	
2013	8.90		75,054	3,686	
2014	6.60		Not Available	3,657	
2015	Not Available		Not Available	3,657	Est.

Source: New Jersey Department of Labor, Morris County  
United States Bureau of Census  
School District Records

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO

	<u>2015</u>	<u>2006</u>
<u>Employer (Morris County)</u>	<u>Employees</u>	<u>Employees</u>
Novartis	5000	INFORMATION NOT AVAILABLE
Atlantic Health	4000-4999	
Picatinny Arsenal	4000-4999	
UPS	2000-2499	
Saint Clare's Hospital Inc.	1500-2000	
ADP	1500-2000	
AT&T	1500-2000	
Avis Budget Group	1000-1500	
BASF	1000-1500	
Wyndham Worldwide	1000-1500	

Source: [www.choosenj.com](http://www.choosenj.com)

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST SIX FISCAL YEARS**

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</u>					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction						
Regular	29.6	29.6	29.6	34.3	28.0	28.0
Special Education	9.4	9.4	9.4	21.0	14.3	14.3
Other Instruction	0.3	0.3	0.3	-	1.0	1.0
School Sponsored/Other Instruction	7.0	7.0	7.0	-	-	-
Support Services:						
Student & Instruction Related Services	5.5	5.5	5.5	3.1	4.1	4.1
General Administration Services	1.9	1.9	1.9	1.2	2.1	1.9
School Administrative Services	2.0	2.0	2.0	3.0	3.0	3.1
Central Services	1.1	1.1	1.1	1.8	2.0	2.0
Plant Operations and Maintenance	10.5	10.5	10.5	5.0	1.0	2.3
Pupil Transportation	0.1	0.1	0.1	0.1	0.1	0.1
Total	<u>67.4</u>	<u>67.4</u>	<u>67.4</u>	<u>69.5</u>	<u>55.6</u>	<u>56.8</u>

Source: District Personnel Records

Source: Mine Hill School District Personnel Records

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year Ended June 30,	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Canfield Avenue School				
2006	368	\$ 7,575,884	\$ 20,587	74.48%	35	12:1	368	351	-55.19%	95.38%
2007	352	8,002,908	22,736	10.44%	35	12:1	352	339	-4.35%	96.31%
2008	364	7,886,791	21,667	-4.70%	39	13:1	364	348	3.41%	95.60%
2009	377	7,908,331	20,977	-3.18%	30	13:1	377	358	3.57%	94.96%
2010	376	7,920,821	21,066	0.42%	39	9.67:1	376	361	-0.27%	96.01%
2011	397	8,224,483	20,717	-1.66%	39	13:1	398	382	5.85%	95.98%
2012	425	9,008,838	21,197	2.32%	40	13:1	423	408	6.28%	96.45%
2013	413	8,967,752	21,714	2.44%	41	10:1	412	397	-2.60%	96.36%
2014	387	9,084,392	23,474	10.74%	41	9.4:1	389	373	-8.04%	95.89%
2015	369	10,156,889	27,525	26.77%	37	9.4:1	366	353	-11.17%	96.45%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.
  - d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Canfield Avenue School (1923)										
Square Feet	54,466	54,466	54,466	61,271	61,271	61,271	61,271	61,271	61,271	61,271
Capacity (students)	480	480	480	470	470	470	470	470	470	470
Enrollment	368	352	364	377	376	397	425	413	387	369

Number of Schools at June 30, 2015:  
 Elementary - 1

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: District Records

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	Fiscal Year Ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities										
Canfield Avenue	<u>87,522</u>	<u>140,034</u>	<u>170,402</u>	<u>183,407</u>	<u>121,825</u>	<u>107,122</u>	<u>110,193</u>	<u>122,991</u>	<u>83,742</u>	<u>123,080</u>
	<u>\$ 87,522</u>	<u>\$ 140,034</u>	<u>\$ 170,402</u>	<u>\$ 183,407</u>	<u>\$ 121,825</u>	<u>\$ 107,122</u>	<u>\$ 110,193</u>	<u>\$ 122,991</u>	<u>\$ 83,742</u>	<u>\$ 123,080</u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2015  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
School Alliance Insurance Fund:		
Buildings and Personal Property	\$ 250,000,000	\$ 2,500
Inland Marine - Automobile Physical Damage	Per Schedule	1,000
General Liability, including Automobile and Employee Benefits	5,000,000	
General Aggregate	100,000,000	
Fire Damage	2,500,000	
Medical Expenses	10,000	
Environmental Impairment Liability Fund Aggregate	1,000,000	10,000
Fund Aggregate	25,000,000	
Crime Coverage - Inside/Outside	50,000	1,000
Blanket Employee Dishonesty - Per Loss	500,000	1,000
Boiler and Machinery	100,000,000	1,000
Excess General and Auto Liability	5,000,000	
School Board Legal Liability	5,000,000	5,000
Selective Insurance Company		
Public Employees' Faithful Performance Blanket Position Bond -		
Board Secretary/Business Administrator	180,000	
Treasurer	175,000	

Source: School District's Records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Mine Hill Township Board of Education  
Mine Hill, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mine Hill Township Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Mine Hill Township Board of Education's basic financial statements and have issued our report thereon dated November 16, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Mine Hill Township 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 the Mine Hill Township Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mine Hill Township 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mine Hill Township 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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Mine Hill Township Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 16, 2015.

### 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 Mine Hill Township Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Mine Hill Township Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
 LERCH, VINCI & HIGGINS, LLP  
 Certified Public Accountants  
 Public School Accountants

  
 Gary J. Vinci  
 Public School Accountant  
 PSA Number CS00829

Fair Lawn, New Jersey  
 November 16, 2015



# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
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SHERYL M. NICOLOSI, CPA  
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RALPH M. PICONE, CPA, RMA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Mine Hill Township Board of Education  
Mine Hill, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Mine Hill Township Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Mine Hill Township Board of Education's major state programs for the fiscal year ended June 30, 2015. The Mine Hill Township 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 the Mine Hill Township 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars 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 the Mine Hill Township 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 the Mine Hill Township Board of Education's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Mine Hill Township 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 fiscal year ended June 30, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major state program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

Management of the Mine Hill Township 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 the Mine Hill Township 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 New Jersey OMB 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 the Mine Hill Township 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mine Hill Township Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 16, 2015

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014		Def Rev Carryover	A/R Carryover	Cash Received	Budgetary Expenditures	Adjustment	Paid to Grantor	June 30, 2015			MEMO GAAP Receivable
					Unearned Revenue	(Accounts Receivable)							Unearned Revenue	Accounts Receivable	Due to Grantor	
<b>U.S. Department of Agriculture Passed-Through State Department of Education</b>																
<u>Enterprise Fund</u>																
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	\$ 41,900					\$ 33,799	\$ 41,900				\$ (8,101)		\$ (8,101)
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	41,405	\$ (8,514)			8,514								
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	5,854				4,425	5,854					(1,429)		(1,429)
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	5,400	(1,277)			1,277								
Special Milk Program	10.556	N/A	7/1/14-6/30/15	151				120	151					(31)		(31)
Special Milk Program	10.556	N/A	7/1/13-6/30/14	284	(57)			57								
Federal Food Distribution Program	10.555	N/A	7/1/14-6/30/15	10,139				10,139	9,529				\$ 610			-
Federal Food Distribution Program	10.555	N/A	7/1/13-6/30/14	11,057	\$ 562	-	-	-	-	562	-	-	-	-	-	-
Total Enterprise Fund					562	(9,848)	-	-	58,331	57,996	-	-	610	(9,561)	-	(9,561)
<b>U.S. Department of Education Passed-Through State Department of Education</b>																
<u>Special Revenue Fund</u>																
I.D.E.A. Part B, Basic Regular	84.027	IDEA-2870-15	7/1/14-6/30/15	105,568					105,568	105,568						
I.D.E.A. Part B, Basic Regular	84.027	IDEA-2870-14	7/1/13-6/30/14	129,122	(129,122)			129,122								
I.D.E.A. Part B, Preschool	84.173	IDEA-2870-15	7/1/14-6/30/15	3,113					3,113					(3,113)		(3,113)
I.D.E.A. Part B, Preschool	84.173	IDEA-2870-14	7/1/13-6/30/14	3,399	(3,399)			3,399								
No Child Left Behind:																
Title I - Part A	84.010A	NCLB-2870-15	7/1/14-6/30/15	83,962			12,580	(12,580)	61,059	93,000			3,542	(35,483)		(31,941)
Title I - Part A	84.010A	NCLB-2870-14	7/1/13-6/30/14	97,175	39,914	(54,905)	(12,580)	12,580	14,991							
Title II A	84.367A	NCLB-2870-15	7/1/14-6/30/15	6,554					6,554					(6,554)		(6,554)
Title II A	84.367A	NCLB-2870-14	7/1/13-6/30/14	9,435	(9,435)			7,847		1,588						
Race to the Top Phase 3 - ARRA	84.413A	N/A	9/1/11-8/5/15	8,735	-	(2,054)	-	-	-	-	-	-	-	(2,054)	-	(2,054)
Total Special Revenue Fund					39,914	(198,915)	-	-	321,986	208,235	1,588	-	3,542	(47,204)	-	(43,662)
Total Federal Financial Awards					\$ 40,476	\$ (208,763)	\$ -	\$ -	\$ 380,317	\$ 266,231	\$ 1,588	\$ -	\$ 4,152	\$ (56,765)	\$ -	\$ (53,223)

Note - This schedule is not subject to a federal single audit.

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014		Cash Received	Budgetary Expenditures	Adjustment	June 30, 2015		Memo	
				Unearned Revenue	(Accounts Receivable)				Unearned Revenue	(Accounts Receivable)	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>												
<b>General Fund</b>												
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 345,041			\$ 310,909	\$ 345,041			\$ (34,132)		\$ 345,041
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	345,041		\$ (34,078)	34,078						
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	1,207,054			1,087,653	1,207,054			(119,401)		1,207,054
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	1,207,054		(119,217)	119,217						
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	40,270			36,286	40,270			(3,984)		40,270
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	40,270		(3,977)	3,977						
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	1,102,996			993,887	1,102,996			(109,109)		1,102,996
School Choice Aid	14-495-034-5120-068	7/1/13-6/30/14	1,091,262		(107,781)	107,781						
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	45,265			40,787	45,265			(4,478)		45,265
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	45,265		(4,471)	4,471						
Educational Adequacy Aid	14-495-034-5120-083	7/1/13-6/30/14	13,849		(1,368)	1,368						
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	13,849			12,479	13,849			(1,370)		13,849
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	5,480			4,938	5,480			(542)		5,480
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	5,480			4,938	5,480			(542)		5,480
Extraordinary Special Education Costs Aid	15-100-034-5120-014	7/1/14-6/30/15	130,659				130,659			(130,659)		130,659
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	87,212		(87,212)	87,212						
Nonpublic School Transportation Costs	15-495-034-5120-014	7/1/14-6/30/15	1,566				1,566			(1,566)	\$ (1,566)	1,566
Nonpublic School Transportation Costs	14-495-034-5120-014	7/1/13-6/30/14	2,197		(2,197)	2,197						
On-Behalf												
Pension System-NCGI Prem.	15-495-034-5094-007	7/1/14-6/30/15	7,065			7,065	7,065					7,065
Pension Benefit Contributions Normal Costs	15-495-034-5094-006	7/1/14-6/30/15	98,206			98,206	98,206					98,206
Post Retirement-Medical	15-495-034-5094-001	7/1/14-6/30/15	167,118			167,118	167,118					167,118
Social Security Aid	15-495-034-5094-003	7/1/14-6/30/15	167,835			159,555	167,835			(8,280)	(8,280)	167,835
<b>Total General Fund</b>					<b>(360,301)</b>	<b>3,284,122</b>	<b>3,337,884</b>			<b>(414,063)</b>	<b>(9,846)</b>	<b>3,337,884</b>
<b>Enterprise Fund</b>												
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	1,497			1,172	1,497			(325)	(325)	1,497
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	1,494		(307)	395	88					88
<b>Total Enterprise Fund</b>					<b>(307)</b>	<b>1,567</b>	<b>1,585</b>			<b>(325)</b>	<b>(325)</b>	<b>1,585</b>
<b>Schools Development Authority</b>												
<b>Capital Projects Fund</b>												
<b>Educational Facilities Construction &amp; Financing Act</b>												
Canfield Avenue School Renovations												
Fire Alarms and HVAC System	3240-030-09-1001	7/1/09-6/30/12	224,001		(224,001)			\$ 224,001				
Classrooms and Bathrooms	3240-030-09-1002	7/1/09-6/30/12	135,520		(138,520)			138,520				
<b>Total Capital Projects Fund</b>					<b>(362,521)</b>			<b>362,521</b>				
<b>Total State Awards</b>					<b>\$ (723,129)</b>	<b>\$ 3,285,689</b>	<b>\$ 3,339,469</b>	<b>\$ 362,521</b>		<b>\$ (414,388)</b>	<b>\$ (10,171)</b>	<b>\$ 3,339,469</b>
<b>Less: State Aid Not Subject to Single Audit:</b>												
On-Behalf TPAF NCGI Premium	15-495-034-5094-007	7/1/14-6/30/15	7,065			7,065	7,065					7,065
On-Behalf TPAF Pension Contribution	15-495-034-5094-006	7/1/14-6/30/15	98,206			98,206	98,206					98,206
On-Behalf TPAF Post-Retirement Medical	15-495-034-5094-001	7/1/14-6/30/15	167,118			167,118	167,118					167,118
<b>Total State Financial Assistance Subject to Single Audit</b>					<b>\$ (723,129)</b>	<b>\$ 3,013,300</b>	<b>\$ 3,067,080</b>	<b>\$ 362,521</b>		<b>\$ (414,388)</b>	<b>\$ (10,171)</b>	<b>\$ 3,067,080</b>

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**MINE HILL TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Mine Hill Township Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using 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 Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$133,325 for the general fund and a decrease of \$12,744 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,204,559	\$ 3,204,559
Special Revenue Fund	\$ 195,491		195,491
Food Service Fund	<u>57,996</u>	<u>1,585</u>	<u>59,581</u>
Total Awards Financial Assistance	<u>\$ 253,487</u>	<u>\$ 3,206,144</u>	<u>\$ 3,459,631</u>

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$167,835 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$105,271 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$167,118 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

MINE HILL TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?            yes   X   none reported

Noncompliance material to the basic financial statements noted?            yes   X   no

**State Awards Section**

Internal Control over major programs:

Dollar threshold used to determine Type A programs:   \$300,000  

Auditee qualified as low-risk auditee?            yes   X   no

Type of auditors' report on compliance for major programs: Unmodified

Internal Control over compliance:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?   X   yes            none reported

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

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>15-495-034-5120-068</u>	<u>School Choice Aid</u>
<u>15-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-085</u>	<u>Additional Adjustment Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>

**Federal Awards Section**

Not subject to Federal Single Audit.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08, as amended.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

**Finding 2015-001:**

Our audit of travel and expense reimbursements revealed that purpose and relevance statements were not attached to the travel requests or purchase orders as required by Board policy and the New Jersey Administrative Code.

**State Program Information:**

Equalization Aid	495-034-5120-078
School Choice Aid	495-034-5120-068
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Additional Adjustment Aid	495-034-5120-085
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-1520-097

**Criteria or Specific Requirement**

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

**Condition:**

Post travel purpose and relevance statements are not attached to travel requests or purchase orders.

**Questioned Costs:**

Unknown.

**Context:**

See Finding 2015-001.

**Effect:**

Certain travel expense reimbursements and costs may not be allowable per Board policy and State travel expense guidelines.

**Cause:**

Unknown.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

**Finding 2015-001: (Continued)**

**Recommendation:**

The District adhere to Board policy to ensure the purpose and relevance statements are attached to travel requests or purchase orders.

**View of Responsible Officials and Planned Corrective Action:**

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**MINE HILL TOWNSHIP BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b) and New Jersey OMB's Circular 15-08, as amended.

**STATUS OF PRIOR YEAR FINDINGS**

Not Applicable.