

**SCHOOL DISTRICT OF
MILLSTONE TOWNSHIP**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MILLSTONE TOWNSHIP SCHOOL DISTRICT

MILLSTONE TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by

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

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INTRODUCTORY SECTION

Millstone Township School District

5 Dawson Court, Millstone Township, NJ 08535

John J. Szabo, Ed.D.
Interim Superintendent of Schools
Phone: 732-786-0950 X51010
e-mail: jszabo@millstone.k12.nj.us



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

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

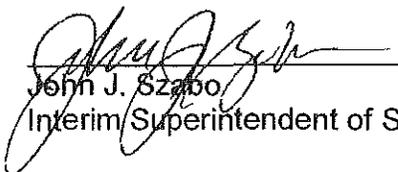
Dear Board members,

The comprehensive annual financial report of the Millstone Township School District ("District") for the fiscal year ended on June 30, 2010 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Millstone Township Board of Education ("Board"). To the best of our knowledge and belief, the data presented in the report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

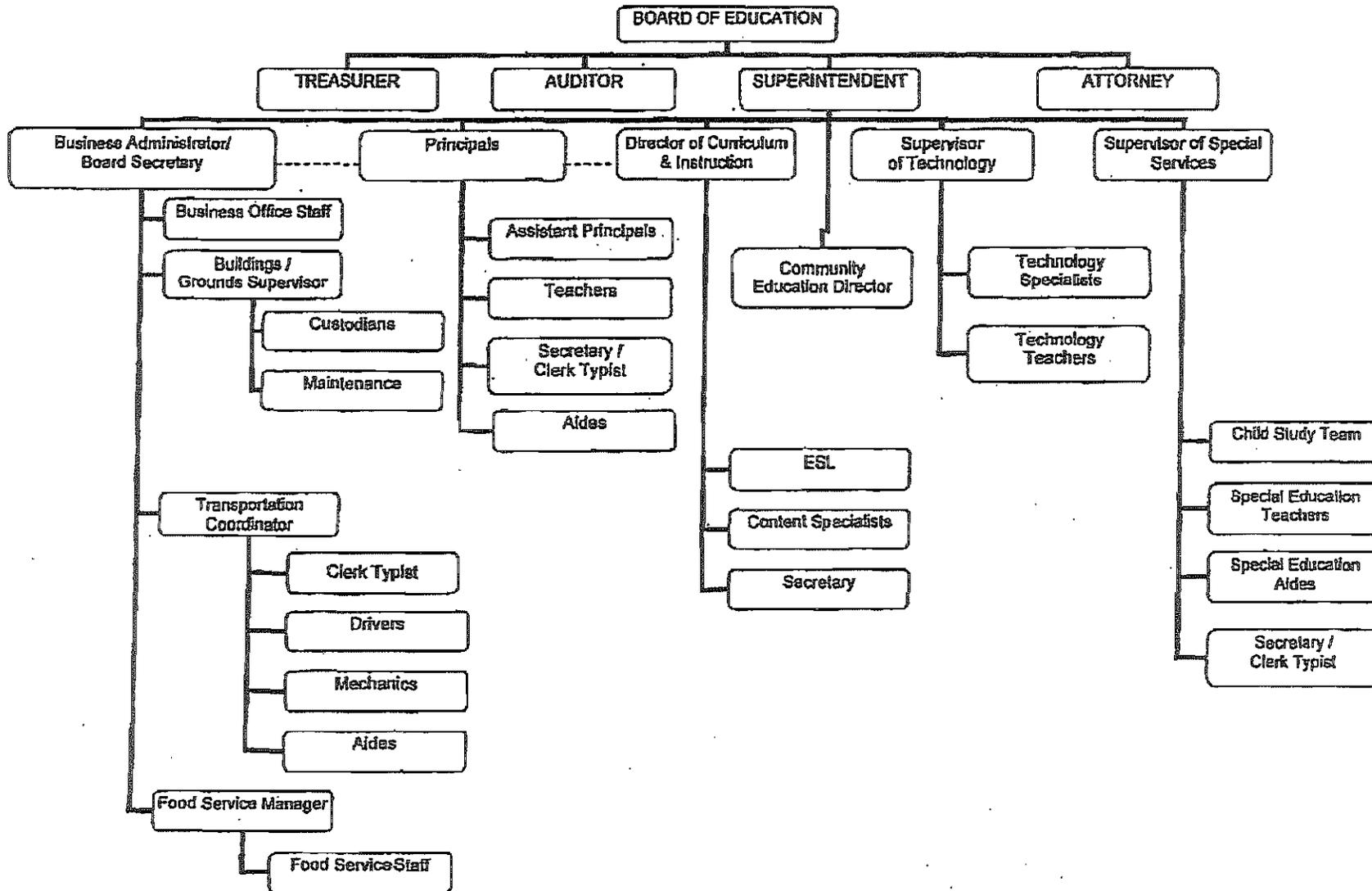
The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Respectfully submitted,


John J. Szabo
Interim Superintendent of Schools


Bernard Biesiada
Business Administrator/Board Secretary

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
ORGANIZATION CHART**



MILLSTONE TOWNSHIP SCHOOL DISTRICT

5 Dawson Court
Millstone Township, New Jersey 08535

Mary Anne Donahue, Ed. D.
Superintendent

Bernard S Biesiada
Business Administrator

ROSTER OF OFFICIALS June 30, 2010

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Thomas Foley, President	2012
David Depinho, Vice-President	2013
Salvatore Casale	2011
Margaret Gordon	2013
Amy Jacobson	2012
Kevin McGovern	2011
Denise Touhey	2013
Patrick Whalen	2012
Bradley Winfree	2011

OTHER OFFICIALS

Dr. Mary Anne Donahue, Superintendent of Schools

Bernard S. Biesiada, Business Administrator/Board Secretary

Mrs. Laura Vetere, Director of Curriculum and Instruction

Edward DeBevec, Treasurer of School Monies

Michael Gross, Solicitor

MILLSTONE TOWNSHIP SCHOOL DISTRICT

5 Dawson Court
Millstone Township, New Jersey 08535

Mary Anne Donahue, Ed. D.
Superintendent

Bernard S Biesiada
Business Administrator

CONSULTANTS AND ADVISORS

ATTORNEY

Kenny, Gross, Kovats & Campbell
The Courts of Red Bank
130 Maple Avenue, Building 8
P.O. Box 8610
Red Bank, New Jersey 07701

AUDIT FIRM

Rodney R. Haines, CPA, PSA
Holman & Frenia, P. C.
618 Stokes Road
Medford, New Jersey 08055

OFFICIAL DEPOSITORY

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

Bank of America
210 Main Street
Hackensack, New Jersey 07601

FINANCIAL SECTION



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Millstone Township School District
County of Monmouth
Millstone Township, New Jersey 08751

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 Board of Education of the Millstone Township School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Board of Education of the Millstone Township School District, County of Monmouth, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010, on our consideration of the Millstone Township Board of Education's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis information and budgetary comparison information as listed in the table of contents is not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management

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regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Millstone Township Board of Education's financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the financial statements, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

The accompanying schedule of expenditures of federal and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a long horizontal stroke extending to the right.

Rodney R. Haines
Certified Public Accountant
Public School Accountant
No. CR498

September 24, 2010
Medford, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

MILLSTONE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis For the year ended June 30, 2010

The following discussion and analysis of the Board of Education of the Millstone Township School District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2010. Please read it in conjunction with the letter of transmittal, beginning on page 1, and the financial statements, which begin on page 15.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

District-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net assets at June 30:

	2010		
	Governmental Activities	Business-Type Activities	Total
Current & Other Assets	\$ 3,719,620	321,392	4,041,012
Capital Assets, net	<u>50,953,437</u>	<u>176,988</u>	<u>51,130,425</u>
Total Assets	<u>54,673,057</u>	<u>498,380</u>	<u>55,171,437</u>
Long-Term Liabilities Outstanding	41,836,966		41,836,966
Other Liabilities	<u>4,070,690</u>	<u>20,769</u>	<u>4,091,459</u>
Total Liabilities	<u>45,907,656</u>	<u>20,769</u>	<u>45,928,425</u>
Net Assets:			
Investment in Capital Assets, net	7,535,367	176,988	7,712,355
Restricted	572,793		572,793
Unrestricted	<u>657,241</u>	<u>300,623</u>	<u>957,864</u>
Total Net Assets	<u>\$ 8,765,401</u>	<u>477,611</u>	<u>9,243,012</u>

	2009		
	Governmental Activities	Business-Type Activities	Total
Current & Other Assets	\$ 3,464,298	408,765	3,873,063
Capital Assets, net	<u>52,063,598</u>	<u>58,296</u>	<u>52,121,894</u>
Total Assets	<u>55,527,896</u>	<u>482,779</u>	<u>55,994,957</u>
Long-Term Liabilities Outstanding	43,428,406		43,428,406
Other Liabilities	<u>3,933,850</u>	<u>55,231</u>	<u>3,989,081</u>
Total Liabilities	<u>47,362,256</u>	<u>55,231</u>	<u>47,417,487</u>
Net Assets:			
Investment in Capital Assets, net	7,212,141	58,296	7,270,437
Restricted	564,227		564,227
Unrestricted	<u>389,272</u>	<u>353,534</u>	<u>742,806</u>
Total Net Assets	<u>\$ 8,165,640</u>	<u>411,830</u>	<u>8,577,470</u>

The District's largest net asset is the restricted portion of the net assets shown above. Restricted assets represent resources that are subject to external restrictions on how they may be used. Within this category, the largest balance is in the Capital Project Fund. These funds are legally restricted to provide for the construction and renovations at the District's high school, middle school and elementary schools.

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

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised solely of the June 30, 2009 encumbrances, which 'roll-over' into the subsequent year's budget (2009-2010) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to realign the 2009-2010 budget.

Capital Assets

At June 30, 2010 the District had capital assets of \$50,953,437 a decrease of \$1,110,161 due primarily to 2009-2010 depreciation. This capital asset cost is comprised of: Buildings - \$55,971,091, land - \$512,269, machinery and equipment - \$2,214,485, site improvements - \$1,801,794 and construction in progress \$ 2,800,646. These capital assets are shown net of accumulated depreciation of \$12,353,055 on Schedule A-1.

Economic Factors and Next Year's Budget

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS





A. District-Wide Financial Statements

MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$178,002	298,890	476,892	473,327
Receivables, Net	2,295,936	6,267	2,302,203	2,052,149
Inventory		16,235	16,235	12,456
Deferred Bond Issuance Costs, Net	350,268		350,268	378,643
Deferred Losses on Bond Refunding	895,414		895,414	956,488
Capital Assets, Net (Note 6)	50,953,437	176,988	51,130,425	52,121,894
Total Assets	54,673,057	498,380	55,171,437	55,994,957
LIABILITIES				
Accounts Payable	279,243	14,437	293,680	228,583
Note Payable	522,867		522,867	505,980
Accrued Expenses	809,024		809,024	808,936
Payable to Federal Government				3,004
Payable to State Government	4,833		4,833	
Deferred Revenue	654,455	6,332	660,787	787,860
Deferred Premiums on Bond Issuance	38,364		38,364	47,942
Noncurrent Liabilities (Note 7):				
Due Within One Year	1,761,904		1,761,904	1,606,776
Due Beyond One Year	41,836,966		41,836,966	43,428,406
Total Liabilities	45,907,656	20,769	45,928,425	47,417,487
NET ASSETS				
Invested in Capital Assets, Net of Related	7,535,367	176,988	7,712,355	7,270,437
Restricted For:				
Debt Service	22,513		22,513	22,073
Capital Projects	418,568		418,568	498,268
General Fund	131,712		131,712	43,886
Unrestricted	657,241	300,623	957,864	742,806
Total Net Assets	\$8,765,401	477,611	9,243,012	8,577,470

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

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS		
						(MEMORANDUM ONLY)		
						JUNE 30, 2010	JUNE 30, 2009	
Governmental Activities:								
12 Instruction:								
Regular	\$6,153,797			(6,153,797)		(6,153,797)	(6,537,407)	
Special Education	2,123,308		459,146	(1,664,162)		(1,664,162)	(1,561,053)	
Other Special Instruction	354,077			(354,077)		(354,077)	(359,587)	
Other Instruction	142,167			(142,167)		(142,167)	(147,554)	
Support Services & Undistributed Costs:								
Tuition	10,880,256			(10,880,256)		(10,880,256)	(10,319,542)	
Student & Instruction Related Services	1,630,808			(1,630,808)		(1,630,808)	(1,795,462)	
School Administrative Services	949,893			(949,893)		(949,893)	(999,501)	
General & Business Administrative Services	497,075			(497,075)		(497,075)	(467,948)	
Central Services	364,617		181,772	(182,845)		(182,845)	(250,834)	
Administrative Information Technology	294,576			(294,576)		(294,576)	(244,183)	
Plant Operations & Maintenance	2,021,320			(2,021,320)		(2,021,320)	(2,102,121)	
Pupil Transportation	2,462,358	83,264		(2,379,094)		(2,379,094)	(2,415,969)	
Unallocated Employee Benefits	5,313,796			(5,313,796)		(5,313,796)	(5,190,250)	
Special Schools	107,846	38,381		(69,465)		(69,465)	(70,560)	
Interest on Long-Term Debt	1,905,129			(1,905,129)		(1,905,129)	(1,936,173)	
Unallocated Change in Compensated Absences	(2,925)			2,925		2,925	41,590	
Unallocated Amortization of Bond Costs & Losses	79,871			(79,871)		(79,871)	(79,870)	
Unallocated Depreciation & Adjustments	1,424,865			(1,424,865)		(1,424,865)	(1,460,545)	
Total Governmental Activities	36,702,834	121,645	640,918	(35,940,271)		(35,940,271)	(35,896,969)	

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2010	JUNE 30, 2009
Business-Type Activities:							
13 Mast Program							
Performing Arts Center	78,238	130,037			51,799	51,799	48,661
Food Service	563,584	454,030	89,838		(19,716)	(19,716)	(8,164)
Total Business-Type Activities	641,822	584,067	89,838		32,083	32,083	40,497
Total Primary Government	\$37,344,656	705,712	730,756	(35,940,271)	32,083	(35,908,188)	(35,856,472)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Including Debt Service				28,502,724		28,502,724	27,850,072
Federal & State Aid Not Restricted				6,933,729		6,933,729	6,705,063
Investment Earnings					1,150	1,150	832
Miscellaneous Income				968,461	167,666	1,136,127	536,918
Transfers				135,118	(135,118)		
Total General Revenues, Special Items, Extraordinary Items & Transfers				36,540,032	33,698	36,573,730	35,092,885
Change In Net Assets				599,761	65,781	665,542	(763,587)
Net Assets - Beginning				8,165,640	411,830	8,577,470	9,341,057
Net Assets - Ending				\$8,765,401	477,611	9,243,012	8,577,470

See accompanying notes to the financial statements.

B. Fund Financial Statements

Governmental Funds

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

(With Comparative Totals for June 30, 2009)

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2010	JUNE 30, 2009
Assets:						
Cash & Cash Equivalents	\$1,494,656				1,494,656	1,107,886
Interfund Receivable	35,047	20,051		27,756	82,854	85,174
Intergovernmental Receivable:						
State	261,864		1,367,938		1,629,802	1,674,236
Federal		516,842			516,842	256,886
Other Receivables	61,924	4,514			66,438	25,929
Total Assets	\$1,853,491	541,407	1,367,938	27,756	3,790,592	3,150,111
LIABILITIES & FUND BALANCES						
Liabilities:						
Cash Overdraft		389,463	921,948	5,243	1,316,654	1,020,944
Accounts Payable	\$139,114	85,322	7,000		231,436	127,291
Intergovernmental Payable:						
Federal						3,004
State		4,833			4,833	
Interfund Payables	20,051	7,334	20,422		47,807	50,848
Note Payable	522,867				522,867	505,980
Deferred Revenue	600,000	54,455			654,455	783,073
Total Liabilities	1,282,032	541,407	949,370	5,243	2,778,052	2,491,140
Fund Balances:						
Reserved:						
For Encumbrances	125,302		100,455		225,757	111,741
Capital Reserve Account	6,410				6,410	6,360
Designated for Subsequent Year's Expenditures	233,000				233,000	
Unreserved, Undesignated - Reported in:						
General Fund	206,747				206,747	94,744
Capital Projects Fund			318,113		318,113	424,053
Debt Service Fund				22,513	22,513	22,073
Total Fund Balances	571,459		418,568	22,513	1,012,540	658,971
Total Liabilities & Fund Balances	\$1,853,491	541,407	1,367,938	27,756		

Amounts reported for *governmental activities* in the statement of net assets (A-2) are different because:

The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets.	1,207,318	1,287,189
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$63,300,285 and the accumulated depreciation is \$12,353,055.	50,953,437	52,063,598
Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(809,024)	(808,936)
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 (See Note 7)	(43,598,870)	(45,035,182)
Net assets of Governmental Activities	\$8,765,401	8,165,640

See accompanying notes to the financial statements.

MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
					JUNE 30, 2010	JUNE 30, 2009
Revenues:						
Local Sources:						
Local Tax Levy	\$25,313,031			3,189,693	28,502,724	27,850,072
Other Governmental Units	38,381				38,381	33,200
Interest Earned on Capital Reserve						
Tuition	83,264				83,264	296,306
Transportation	1,768				1,768	
Student Athletic Fees	68,500				68,500	
Miscellaneous	766,828	109,458	10	4	876,300	536,918
Total Local Sources	26,271,772	109,458	10	3,189,697	29,570,937	28,716,496
State Sources	6,344,841	8,944		183,881	6,537,666	6,797,150
Federal Sources	508,258	528,723			1,036,981	471,480
Total Revenues	33,124,871	647,125	10	3,373,578	37,145,584	35,985,126
Expenditures:						
Current Expense:						
Regular Instruction	6,153,797				6,153,797	6,537,407
Special Education Instruction	1,664,162	459,146			2,123,308	1,990,464
Other Special Instruction	354,077				354,077	359,587
Other Instruction	142,167				142,167	147,554
Support Services & Undistributed Costs:						
Tuition	10,880,256				10,880,256	10,319,542
Student & Instruction Related Services	1,630,808				1,630,808	1,795,462
School Administrative Services	768,121	181,772			949,893	999,501
General & Business Administrative Services	497,075				497,075	467,948
Central Services	364,617				364,617	384,990
Administrative Information Technology	294,576				294,576	244,183
Plant Operations & Maintenance	2,020,459				2,020,459	2,102,121
Pupil Transportation	2,626,120				2,626,120	2,860,831
Employee Benefits	5,313,796				5,313,796	5,190,250
Special Schools	107,846				107,846	103,760
Capital Outlay	229,658	6,207	79,700		315,565	607,657
Debt Service:						
Principal				1,490,000	1,490,000	1,355,000
Interest & Other Charges				1,905,041	1,905,041	1,958,861
Total Expenditures	33,047,535	647,125	79,700	3,395,041	37,169,401	37,425,118
Excess/(Deficiency) of Revenues						
Over/(Under) Expenditures	77,336		(79,690)	(21,463)	(23,817)	(1,439,992)
Other Financing Sources/(Uses):						
Transfers In	135,118			10	135,128	
Capital Leases	220,375				220,375	
Cancelled Prior Year Liabilities				21,893	21,893	
Transfers Out			(10)		(10)	
Total Other Financing Sources/(Uses)	355,493		(10)	21,903	377,386	
Net Change in Fund Balance	432,829		(79,700)	440	353,569	(1,439,992)
Fund Balance - July 1	138,630		498,268	22,073	658,971	2,098,963
Fund Balance - June 30	\$571,459		418,568	22,513	1,012,540	658,971

See accompanying notes to the financial statements.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$353,569
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:</p>		
Depreciation Expense	(\$1,290,116)	
Revaluation and Disposal of Fixed Assets	(134,749)	
Nondepreciable Expenditures in Capital Outlay	(861)	
Capital Outlays	315,565	(1,110,161)
Repayment of bond and capital lease principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement the statement of net assets and is not reported in the statement of activities.		1,653,762
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Issuance of Capital Leases		(220,375)
Bond discount, bond premium and issuance costs are amortized over the lives of the bonds in the Statement of Activities but are recorded as a reduction from the proceeds from sales of bonds in the governmental funds.		9,578
Bond gains or losses on refunding are amortized over the life of the refunding bonds. Losses are a reduction to the reconciliation.		(61,074)
In the governmental funds, the costs associated with refunding bonds are deferred. These costs are amortized over the live of the bond issue and are an addition to the reconciliation.		(28,375)
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used/(paid). When the earned amount, exceeds the paid amount, the difference is a reduction in the reconciliation:</p>		
Prior Year	183,725	
Current Year	(180,800)	2,925
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition to the reconciliation.		(88)
Change in Net Assets of Governmental Activities		\$599,761

See accompanying notes to the financial statements.

Proprietary Funds

MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	MAST PROGRAM	PERFORMING ARTS CENTER	JUNE 30, 2010	JUNE 30, 2009
Current Assets:					
Cash & Cash Equivalents	\$157,614		141,276	298,890	386,385
Intergovernmental Receivables	6,267			6,267	9,924
Inventories	16,235			16,235	12,456
Total Current Assets	180,116		141,276	321,392	408,765
Noncurrent Assets:					
Furniture, Machinery & Equipment	482,829			482,829	272,493
Less: Accumulated Depreciation	(305,841)			(305,841)	(214,197)
Total Noncurrent Assets	176,988			176,988	58,296
Total Assets	357,104		141,276	498,380	467,061
LIABILITIES					
Accounts Payable	156		3,724	3,880	39,887
Interfund Payable	10,557			10,557	10,557
Deferred Revenue	6,332			6,332	4,787
Total Liabilities	17,045		3,724	20,769	55,231
NET ASSETS					
Investment in Capital Assets Net of Related Debt	176,988			176,988	58,296
Unrestricted	163,071		137,552	300,623	353,534
Total Net Assets	\$340,059	-	137,552	477,611	411,830

See accompanying notes to the financial statements.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	MAST PROGRAM	PERFORMING ARTS CENTER	JUNE 30, 2010	JUNE 30, 2009
Operating Revenues:					
Local Revenues:					
Daily Sales - Reimbursable Programs	\$243,966			243,966	260,911
Total - Daily Sales - Reimbursable Programs	243,966			243,966	260,911
Daily Sales - Nonreimbursable Programs	206,724			206,724	205,605
Special Functions	3,340			3,340	3,145
Interest Revenue	655		495	1,150	832
Community Service Activities			130,037	130,037	100,624
Total Operating Revenue	454,685		130,532	585,217	571,117
Operating Expenses:					
Cost of Sales	221,069			221,069	220,940
Salaries	199,858		7,216	207,074	219,807
Support Services - Employee Benefits	45,613		603	46,216	47,642
Management Fees	21,823			21,823	19,212
Purchased Professional/Technical Services	1,965		49,232	51,197	30,533
Supplies & Materials	11,507		13,039	24,546	22,105
Depreciation	48,974			48,974	15,718
General Insurance	7,262			7,262	6,306
Office Expense	2,377			2,377	1,216
Travel	2,776			2,776	6,721
Miscellaneous Expenditures	360		8,148	8,508	10,634
Total Operating Expenses	563,584		78,238	641,822	600,834
Operating Income/(Loss)	(108,899)		52,294	(56,605)	(29,717)
Nonoperating Revenues:					
State Sources:					
State School Lunch Program	5,462			5,462	5,418
Federal Sources:					
National School Lunch Program	53,986			53,986	44,254
Special Milk Program	3,420			3,420	1,748
Food Distribution Program	26,970			26,970	19,626
Revaluation of Fixed Assets	167,666			167,666	
Contribution to the Board	(56,453)	(68,541)	(10,124)	(135,118)	
Total Nonoperating Revenues/(Expenses)	201,051	(68,541)	(10,124)	122,386	71,046
Change in Net Assets	92,152	(68,541)	42,170	65,781	41,329
Total Net Assets - Beginning	247,907	68,541	95,382	411,830	370,501
Total Net Assets - Ending	\$340,059	-	137,552	477,611	411,830

See accompanying notes to the financial statements.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	MAST PROGRAM	PERFORMING ARTS CENTER	JUNE 30, 2010	JUNE 30, 2009
Cash Flows From Operating Activities:					
Receipts from Customers	\$454,030		130,037	584,067	570,285
Payments to Employees	(245,471)		(7,819)	(253,290)	(267,449)
Payments to Suppliers	(281,308)		(69,521)	(350,829)	(281,336)
Interest Earned	655		495	1,150	832
Net Cash Provided/(Used) by Operating Activities	(72,094)		53,192	(18,902)	22,332
Cash Flows From Noncapital Financing Activities:					
State Sources	5,462			5,462	5,418
Federal Sources	61,063			61,063	46,278
Cash Paid for Board Contribution	(56,453)	(68,541)	(10,124)	(135,118)	46,278
Net Cash Provided by Noncapital Financing Activities	10,072	(68,541)	(10,124)	(68,593)	97,974
Net Increase/(Decrease) in Cash & Cash Equivalents					
Cash & Cash Equivalents, July 1	219,636	68,541	98,208	386,385	312,357
Cash & Cash Equivalents, June 30	\$157,614		141,276	298,890	432,663

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

Operating Income/(Loss)	(\$108,899)		52,294	(56,605)	(29,717)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:					
Depreciation Expense	48,974			48,974	15,718
Food Distribution Program	26,970			26,970	19,626
Change in Assets & Liabilities:					
Increase/(Decrease) in Inventory	(3,779)			(3,779)	86
(Decrease)/Increase in Accounts Payable	(36,905)			(36,905)	1,212
(Decrease)/Increase in Interfund Payable					10,557
(Decrease)/Increase in Deferred Revenue	1,545		898	2,443	4,850
Net Cash Provided/(Used) by Operating Activities	(\$72,094)		53,192	(18,902)	22,332

See accompanying notes to the financial statements.

Fiduciary Funds

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ASSETS	PRIVATE PURPOSE TRUST		AGENCY		TOTALS (MEMORANDUM ONLY)	
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITIES	PAYROLL FUND	JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$7,446	21,574	41,334	527,226	597,580	606,191
Total Assets	7,446	21,574	41,334	527,226	597,580	606,191
LIABILITIES						
Interfunds Payable		7,407		17,083	24,490	23,769
Accounts Payable		16,254		6,643	22,897	89,504
Payable to Summer Teachers				503,500	503,500	458,970
Payable to Student Groups			41,334		41,334	35,117
Total Liabilities		23,661	41,334	527,226	592,221	607,360
NET ASSETS						
Held in Trust for Unemployment Claims & Other Purposes		(2,087)			(2,087)	(8,666)
Reserved for Scholarships	7,446				7,446	7,497
Total Net Assets	\$7,446	(2,087)	-	-	5,359	(1,169)

See accompanying notes to the financial statements.

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ADDITIONS	PRIVATE PUPOSE		TOTALS (MEMORANDUM ONLY)	
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	JUNE 30, 2010	JUNE 30, 2009
Contributions:				
Plan Member		106,894	106,894	96,230
Total Contributions		106,894	106,894	96,230
Investment Earnings:				
Interest	\$38	15	53	273
Net Investment Earnings	38	15	53	273
Total Additions	38	106,909	106,947	96,503
DEDUCTIONS				
Quarterly Contribution Reports		9,583	9,583	6,560
Unemployment Claims		90,747	90,747	89,793
Scholarships Awarded	89		89	112
Total Deductions	89	100,330	100,419	96,465
Change in Net Assets	(51)	6,579	6,528	38
Net Assets - Beginning of the Year	7,497	(8,666)	(1,169)	(1,207)
Net Assets - End of the Year	\$7,446	(2,087)	5,359	(1,169)

See accompanying notes to the financial statements.

**MILLSTONE TOWNSHIP
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

MILLSTONE TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Millstone Township Board of Education (the "District") have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District implemented these standards beginning with the fiscal year-ending June 30, 2003. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 - *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2010 and for the year then ended with comparative totals as of and for the year ended June 30, 2009 (Memorandum Only).

A. Reporting Entity

The Millstone Township Board of Education is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 9 members elected to three-year terms. These terms are staggered so that members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as, special education for handicapped youngsters. The District is comprised of one elementary school and one middle school located in Millstone Township. The Millstone Township Board of Education has an approximate enrollment at June 30, 2010 of 1,581 students.

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

- ◆ the organization is legally separate (can sue or be sued in their own name)
- ◆ the District holds the corporate powers of the organization
- ◆ The District appoints a voting majority of the organization’s board

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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

A. Reporting Entity (continued):

- ◆ the District is able to impose its will on the organization
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Fund Accounting

The accounts of the Millstone Township Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories as follows:

Governmental Funds

General Fund - The general fund is the general operating fund of the Millstone Township Board of Education and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education, Millstone Township Board of Education includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

MILLSTONE TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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

D. Fund Accounting (continued):

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

Proprietary Fund

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

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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

D. Fund Accounting (continued):

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line-method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	5-7 Years
Light Trucks & Vehicle	7 Years
Heavy Trucks & Vehicle	7 Years

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund as a private purpose trust.

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

E. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

MILLSTONE TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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

E. Basis of Accounting (continued):

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Millstone Township Board of Education follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Millstone Township Board of Education's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

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

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund.

Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6A:23-1.2*. All budget amendments must be approved by School Board resolution.

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

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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

F. Budgets/Budgetary Control (continued):

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

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

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

Notes to Required Supplementary Information.
Budgetary Comparison Schedule

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$33,145,759	\$674,442
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	501,979	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	(522,867)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized	_____	(27,317)
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$33,124,871</u>	<u>\$647,125</u>

MILLSTONE TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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

F. Budgets/Budgetary Control (continued):

	General Fund	Special Revenue Fund
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$33,047,535	\$674,442
Encumbrances for supplies and equipment ordered But not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	_____	_(27,317)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$33,047,535</u>	<u>\$647,125</u>

G. Encumbrances

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

Open encumbrances in the special revenue fund for which the Millstone Township Board of Education has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

H. Cash, Cash Equivalents and Investments

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

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

MILLSTONE TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010**

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

H. Cash, Cash Equivalents and Investments (continued):

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

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

I. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Millstone Township Board of Education and that are due within one year.

J. Fixed Assets

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery and Equipment	3 – 20 Years
Building & Other Improvements	7 – 60 Years
Infrastructure	30 Years

MILLSTONE TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010**

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

K. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2010 for such salaries.

L. Compensated Absences

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

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

M. Deferred Revenue

Deferred revenue in the general and special revenue funds represents cash, which has been received but not yet earned.

N. Long-Term Obligations

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

O. Fund Equity

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Note 2. Cash and Cash Equivalents and Investments

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2010, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$1,074,329</u>
Total Deposits	<u>\$1,074,329</u>

Reconciliation of Statements of Net Assets:

Governmental-Type Activity	\$ 178,002
Business-Type Activity	298,890
Fiduciary Fund	<u>597,437</u>
Total Cash and Cash Equivalents	<u>\$1,074,329</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$1,666,018 at June 30, 2010. Of the bank balance \$317,508 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$1,348,510 was secured by a collateral pool held by the bank, but not in the District’s name, as required by New Jersey’s Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

Investment Interest Rate Risk – The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at June 30, 2010, are provided in the above schedule.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;

MILLSTONE TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010**

Note 2. Cash and Cash Equivalents and Investments (continued):

- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the District or bonds or other obligations of the local unit or units within which the District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the District;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.

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

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2010 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

MILLSTONE TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 4. Capital Reserve Account

The capital reserve account was established by the District by inclusion of \$100,000 on October 10, 2000 for the accumulation for funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Note 4. Capital Reserve Account (continued):

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 appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$6,360
Deposits:	
Approved Resolution	50
Ending Balance, June 30, 2010	\$6,410

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2010, the District transferred \$ -0- to the capital outlay accounts.

Note 6. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2010 was as follows:

Governmental Activities:	2009	Additions	Adjustments	2010
Capital Assets:				
Land	\$ 512,269			\$ 512,269
Site Improvements	1,801,794			1,801,794
Building & Building Improvements	55,971,091			55,971,091
Machinery & Equipment	2,019,242	\$ 235,004	\$(33,554)	2,220,692
Construction in Progress	2,720,946	79,700		2,800,646
Total Cost	63,025,342	314,704	(33,554)	63,306,492
Accumulated Depreciation	(10,961,744)	(1,290,116)	(101,194)	(12,353,055)
Governmental-type Activities				
Capital Assets, Net	\$52,063,598	\$ (975,412)	\$(134,748)	\$50,953,437

MILLSTONE TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010**

Note 6. Capital Assets (continued):

Business-Type Activities:	2009	Additions	Adjustments	2010
Capital Assets Being Depreciated:				
Equipment	\$272,493		\$210,336	\$482,829
Less: Accumulated Depreciation	<u>(214,197)</u>	<u>\$(48,974)</u>	<u>(42,670)</u>	<u>(305,841)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 58,296</u>	<u>\$(48,974)</u>	<u>\$167,666</u>	<u>\$176,988</u>

Note 7. Long-Term Obligations

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

During the fiscal year ended June 30, 2010 the following changes occurred in noncurrent liabilities:

	Balance 6/30/09	Increase/ (Decrease)	Balance 6/30/10	Due Within One Year
Compensated Absences Payable	\$ 183,725	\$ (2,925)	\$ 180,800	
Bonds Payable	44,605,000	(1,490,000)	43,115,000	\$1,630,000
Capital Leases Payable	<u>246,457</u>	<u>56,613</u>	<u>303,070</u>	<u>131,904</u>
Total	<u>\$45,035,182</u>	<u>\$(1,436,312)</u>	<u>\$43,598,870</u>	<u>\$1,761,904</u>

A. Arbitrage Rebate

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

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

MILLSTONE TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010**

Note 7. Long-Term Obligations (continued):

Government Activities:

	Issue Dates	Interest Rates	Dates of Maturity	Balance June 30, 2010
Bonds Payable	12/19/02	3.900-4.350%	02/15/10-18	\$ 5,580,000
	07/15/04	4.250-4.750%	07/15/09-26	14,595,000
	05/15/05	4.000-5.000%	03/15/10-18	3,480,000
	06/01/06	3.650-4.400%	07/15/09-30	9,575,000
	01/04/07	4.000%	07/15/10-26	<u>9,885,000</u>
Total Bonds				<u>\$43,115,000</u>

B. Debt Service Requirements

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,630,000	\$ 1,844,643	\$ 3,474,643
2012	1,765,000	1,772,793	3,537,793
2013	1,915,000	1,694,048	3,609,048
2014	2,060,000	1,611,883	3,671,883
2015	2,210,000	1,523,423	3,733,423
2016-2020	11,170,000	6,051,094	17,221,094
2021-2025	10,315,000	3,631,994	13,946,994
2026-2030	10,065,000	1,526,179	11,591,179
2031	<u>1,985,000</u>	<u>43,670</u>	<u>2,028,670</u>
Total	<u>\$43,115,000</u>	<u>\$19,699,725</u>	<u>\$62,814,725</u>

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Note 7. Long-Term Obligations (continued):

C. Bonds Authorized but not Issued

As of June 30, 2010 the District had no authorized but not issued bonds.

D. Leases

The District is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets and the General Long-Term, respectively. Assets under capital leases total \$1,157,613. The following is a schedule of future minimum lease payments under capital leases as of June 30, 2010:

Year-ending June 30,	
2011	\$141,635
2012	89,484
2013	47,265
2014	<u>47,265</u>
Total Minimum Lease Payments	325,649
Less: Amount Representing Interest	<u>(22,579)</u>
Present Value of Net Minimum Lease Payments	<u>\$303,070</u>

Note 8. Pension Plans

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established in January 1955, under the provisions of *N.J.S.A.18A:66* to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the

MILLSTONE TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Note 8. Pension Plans (continued):

system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:66* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

MILLSTONE TOWNSHIP BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010**

Note 8. Pension Plans (continued):

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Contribution Requirements -- The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$252,465	100%	\$ -0-
6/30/09	132,657	100%	-0-
6/30/08	161,742	100%	-0-

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$604,315	100%	\$ -0-
6/30/09	582,477	100%	-0-
6/30/08	879,647	100%	-0-

During the year ended June 30, 2010 the State of New Jersey contributed \$604,315 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A.18A:66-66* the State of New Jersey reimbursed the District \$663,962 for the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Note 8. Pension Plans (continued):

amount has been included in the Basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 9. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

Note 10. Risk Management

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

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

New Jersey Unemployment Compensation Insurance – The District has elected to fund their New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for Amounts due to the State. The table below is a summary of the District contributions, employee

MILLSTONE TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Note 10. Risk Management (continued):

contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

Fiscal Year	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2009-2010	\$ 15	\$106,894	\$100,330	\$(2,087)
2008-2009	123	96,230	96,353	(8,666)
2007-2008	161	37,792	30,791	(8,666)

Note 11. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Note 12. Economic Dependency

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

Note 13. Fund Balance Appropriated

General Fund – Of the \$571,459 General Fund fund balance at June 30, 2010, \$125,302 is reserved for encumbrances; \$6,410 is reserved for the Capital Reserve Account; \$233,000 has been designated for subsequent year's expenditures and \$206,747 is unreserved and undesignated.

Debt Service Fund – The \$22,513 Debt Service Fund fund balance at June 30, 2010 is unreserved and undesignated.

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Note 14. Litigation

There is no pending litigation involving any material monetary amount.

Note 15. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2010:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$35,047	\$20,051
Special Revenue Fund	20,051	7,334
Capital Projects Fund		20,422
Debt Service Fund	27,756	
Proprietary Fund	.	10,557
Fiduciary Fund	<u> </u>	<u>24,490</u>
Total	<u>\$82,854</u>	<u>\$82,854</u>

Note 16. Deferred Compensation

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

Equitable	Scudder
Travelers	Valic

Note 17. Compensated Absences

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

MILLSTONE TOWNSHIP BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Note 17. Compensated Absences (continued):

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2010 is \$180,800.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010 no liability existed for compensated absences in the proprietary fund types.

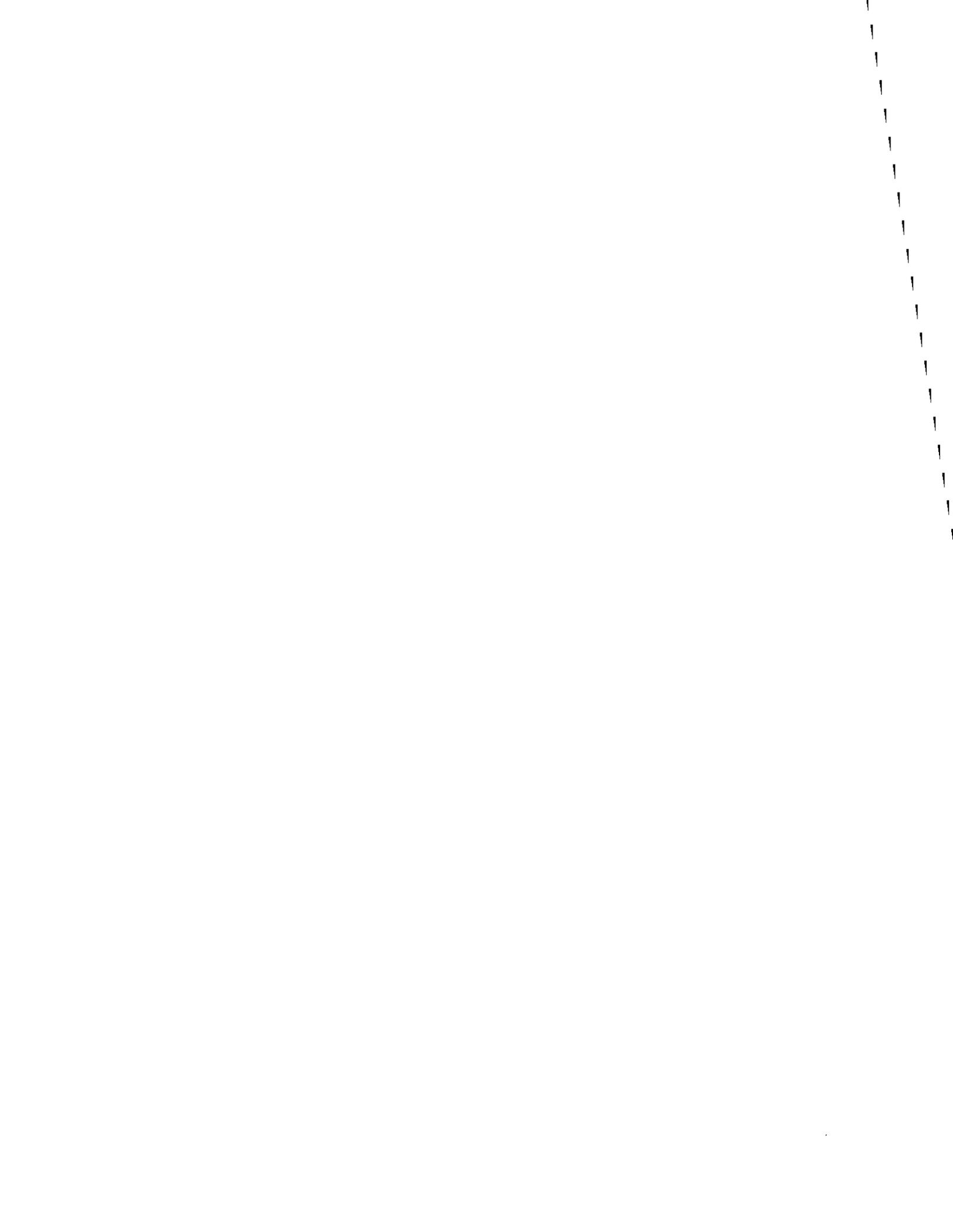
Note 18. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), and the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

The District had no excess fund balance at June 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules



MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:											
Local Sources:											
Local Tax Levy	10-1210	\$25,313,031		25,313,031	25,313,031		\$25,228,280		25,228,280	25,228,280	
Other Governmental Units - Unrestricted	10-12XX					\$30,000		30,000		33,200	3,200
Other Governmental Units - Restricted	10-12XX	\$30,000		30,000	38,381	8,381					
Tuition from Individuals	10-1310	12,000		12,000	46,364	34,364	345,000		345,000	296,306	(48,694)
Tuition from Other LEAs within the State	10-1320				36,900	36,900					
Transportation Fees from Individuals	10-1410	22,665		22,665	1,768	(20,897)					
Transportation Fees from Other LEA's	10-1420	30,000		30,000		(30,000)					
Interest on Capital Reserve	10-1510	50		50		(50)					
Student Athletic Fees	10-1730		140,000	140,000	68,500	(71,500)					
Unrestricted Miscellaneous	10-1990	876,750	(140,000)	736,750	766,828	30,078	554,500		554,500	468,362	(86,138)
Total Local Sources		26,284,496		26,284,496	26,271,772	(12,724)	26,157,780		26,157,780	26,026,148	(131,632)
State Sources:											
Above Average Enrollment Growth	10-3193									49,346	49,346
Extraordinary Aid	10-3131	54,953		54,953	188,766	133,813	54,953		54,953	204,634	149,681
Categorical Special Education Aid	10-3132	1,244,609		1,244,609	1,244,609		1,234,909		1,234,909	1,234,909	
Equalization Aid	10-3176	2,801,154	(508,258)	2,292,896	2,292,896		3,066,435		3,066,435	2,964,647	(101,788)
Categorical Security Aid	10-3177	164,890		164,890	164,890		162,832		162,832	162,832	
Categorical Transportation Aid	10-3121	1,191,655		1,191,655	1,166,200	(25,455)	938,132		938,132	938,132	
Nonpublic Transportation Aid	10-3235				40,091	40,091				67,604	67,604
Nonbudgeted:											
On-Behalf TPAF Post Retirement Medical	10-3901				30,550	30,550				29,011	29,011
On-Behalf TPAF Pension Contribution	10-3901				573,765	573,765				553,466	553,466
Reimbursed TPAF Social Security	10-3902				663,962	663,962				656,984	656,984
Total State Sources		5,457,261	(508,258)	4,949,003	6,365,729	1,416,726	5,457,261		5,457,261	6,861,565	1,404,304
Federal Sources:											
Education State Grant, Recovery Act	16-4520		489,316	489,316	489,316						
Government Services Grant, Recovery Act	17-4521		18,942	18,942	18,942						
Total Federal Sources			508,258	508,258	508,258						
Total Revenues		31,741,757		31,741,757	33,145,759	1,404,002	31,615,041		31,615,041	32,887,713	1,272,672

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Preschool	11-105-100-101	18,564	(18,520)	44		44					
Preschool Classroom Aide	11-105-100-106		4,318	4,318	4,175	143		7,920	7,920	7,920	
Kindergarten	11-110-100-101	253,052	(35,103)	217,949	217,695	254	256,700	(2,861)	253,839	253,839	
Grades 1 - 5	11-120-100-101	3,158,446	118,574	3,277,020	3,277,020		3,302,744	(12)	3,302,732	3,302,732	
Grades 6 - 8	11-130-100-101	2,242,978	30,797	2,273,775	2,273,775		2,541,287	(36,362)	2,504,925	2,504,925	
Home Instruction - Regular Programs:											
Salaries of Teachers	11-150-100-101	5,950	(3,900)	2,050	1,991	59	4,000	6,290	10,290	10,290	
Regular Programs - Undistributed Instruction:											
Other Salaries for Instruction	11-190-100-106	200	18,154	18,354	18,266	88		106,099	106,099	106,099	
Purchased Technical Services	11-190-100-340	7,075	(367)	6,708	5,305	1,403	8,200	(2,650)	5,550	5,550	
Other Purchased Services	11-190-100-500	55,935	17,551	73,486	77,582	(4,096)	41,470	22,269	63,739	57,237	6,502
Travel Expense	11-190-100-580		6,835	6,835	742	6,093		831	831	831	
General Supplies	11-190-100-610	260,874	(25,176)	235,698	208,667	27,031	148,408	65,402	213,810	213,098	712
Textbooks	11-190-100-640	82,180		82,180	68,579	13,601	66,425	9,454	75,879	74,886	993
Other Objects	11-190-100-800							200	200	200	200
Miscellaneous expense	11-190-100-890						420	(420)			
Total Regular Programs		6,085,254	113,163	6,198,417	6,153,797	44,620	6,369,654	176,160	6,545,814	6,537,407	8,407
Special Education:											
Learning and/or Language Disabilities:											
Salaries of Teachers	11-204-100-101	233,458	43,678	277,136	277,136		216,086	9,022	225,108	225,108	
Other Salaries for Instruction	11-204-100-106	54,081	2,633	56,714	56,714		55,269	(47,172)	8,097	8,097	
General Supplies	11-204-100-610	600		600	500	100		479	479	479	
Total Learning &/or Language Disabilities		288,139	46,311	334,450	334,350	100	271,355	(37,671)	233,684	233,684	
Resource Room / Resource Center:											
Salaries of Teachers	11-213-100-101	1,108,355	(78,026)	1,030,329	1,029,289	1,040	1,115,163	(13,824)	1,101,339	1,101,339	
Other Salaries for Instruction	11-213-100-106	282,214	(37,785)	244,429	244,429		107,460	61,871	169,331	169,331	
Total Resource Room/Resource Center		1,390,569	(115,811)	1,274,758	1,273,718	1,040	1,222,623	48,047	1,270,670	1,270,670	

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Preschool Disabilities - Part-Time:											
Salaries of Teachers	11-215-100-101	56,454		56,454	55,895	559	105,560	(49,060)	56,500	56,500	
General Supplies	11-215-100-600	1,100		1,100	199	901	24,220	(24,021)	199	199	
Textbooks	11-215-100-640						47,419	(47,419)			
Total Preschool Disabilities - Part-Time		57,554		57,554	56,094	1,460	177,199	(120,500)	56,699	56,699	
Total Special Education		1,736,262	(69,500)	1,666,762	1,664,162	2,600	1,671,177	(110,124)	1,561,053	1,561,053	
Basic Skills/Remedial - Instruction:											
Salaries of Teachers	11-230-100-101	376,538	(56,900)	319,638	319,555	83	375,998	(50,520)	325,478	325,478	
Total Basic Skills/Remedial - Instruction		376,538	(56,900)	319,638	319,555	83	375,998	(50,520)	325,478	325,478	
Bilingual Education - Instruction:											
Salaries of Teachers	11-240-100-101	34,450		34,450	34,109	341	34,109		34,109	34,109	
General Supplies	11-240-100-610	800	225	1,025	413	612	225		225	225	
Total Bilingual Education - Instruction		35,250	225	35,475	34,522	953	34,334		34,334	34,109	225
School Sponsored Cocurricular Activities:											
Salaries	11-401-100-100	28,000	1,356	29,356	28,187	1,169	13,180	16,991	30,171	30,171	
Other Objects	11-401-100-800	3,900		3,900	1,804	2,096	6,000	(2,155)	3,845	3,845	
Total School Sponsored Cocurricular - Activities		31,900	1,356	33,256	29,991	3,265	19,180	14,836	34,016	34,016	
School Sponsored Athletics - Instruction:											
Salaries	11-402-100-100	68,390		68,390	67,936	454	34,690	32,765	67,455	67,455	
Other Purchased Services	11-402-100-500	12,250		12,250	10,322	1,928	11,000	(2,810)	8,190	8,190	
Supplies and Materials	11-402-100-600	9,000	12,693	21,693	17,738	3,955	10,000	11,713	21,713	21,713	
Total School Sponsored Athletics - Instruction		89,640	12,693	102,333	95,996	6,337	55,690	41,668	97,358	97,358	
Community Services Programs/Operations:											
Salaries	11-800-330-100	16,500		16,500	16,180	320	16,000	180	16,180	16,180	
Total Community Services Programs/Operations		16,500		16,500	16,180	320	16,000	180	16,180	16,180	
Total - Instruction		8,371,344	1,037	8,372,381	8,314,203	58,178	8,542,033	72,200	8,614,233	8,605,601	8,632

MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Undistributed Expenditures:											
Instruction:											
Tuition to Other LEAs Within State Regular	11-000-100-561	8,470,432	(11,930)	8,458,502	8,458,502		8,028,185	(14,260)	8,013,925	8,013,925	
Tuition to Other LEAs Within State Special	11-000-100-562	775,145	69,579	844,724	844,724		821,072	(22,000)	799,072	799,072	
Tuition to County Vocational School District - Regular	11-000-100-563	237,720	5,840	243,560	243,560		160,000	54,882	214,882	214,882	
Tuition to County Vocational School District - Special	11-000-100-564	42,000	1,000	43,000	43,000		40,000	5,000	45,000	45,000	
Tuition to CSSD & Regional Day School	11-000-100-565	187,747	8,499	196,246	196,246		252,173	9,535	261,708	254,104	7,604
Tuition to Private Schools for Disabled Within the State	11-000-100-566	887,394	127,362	1,014,756	1,014,121	635	964,418	(8,569)	955,849	947,359	8,490
Tuition - State Facilities	11-000-100-568		11,925	11,925	11,925		37,705	(37,705)			
Tuition Other	11-000-100-569	46,556	21,622	68,178	68,178			45,200	45,200	45,200	
Total Undistributed Expenditures - Instruction		10,646,994	233,897	10,880,891	10,880,256	635	10,303,553	32,083	10,335,636	10,319,542	16,094
Attendance & Social Work Services:											
Salaries	11-000-211-100		1,500	1,500	1,500			1,500	1,500	1,500	
Total Attendance & Social Work Services			1,500	1,500	1,500			1,500	1,500	1,500	
Health Services:											
Salaries	11-000-213-100	158,323	50	158,373	158,373		160,765	(2,350)	158,415	158,415	
Purchased Professional & Technical Services	11-000-213-300	34,000	(15,836)	18,164	13,583	4,581	30,000	(17,168)	12,832	12,832	
Other Purchased Services	11-000-213-500	485		485	50	435	380	(245)	135	135	
Supplies and Materials	11-000-213-600	7,350	1,336	8,686	6,707	1,979	7,015	(162)	6,853	6,853	
Other Objects	11-000-213-800	870		870	505	365	550	(145)	405	405	
Total Health Services		201,028	(14,450)	186,578	179,218	7,360	198,710	(20,070)	178,640	178,640	
Other Support Services - Students - Related Services:											
Salaries	11-000-216-100	273,106		273,106	273,106		139,464	130,878	270,342	270,342	
Purchased Professional - Educational Services	11-000-216-320	115,000	6,545	121,545	121,545		114,500	(6,946)	107,554	107,554	
Supplies and Materials	11-000-216-600	1,900		1,900	1,198	702	1,800	(677)	1,123	1,123	

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Other Support Services - Students - Related Services	390,006	6,545	396,551	395,849	702	255,764	123,255	379,019	379,019	
Other Support Services - Students - Extraordinary Services:										
Salaries 11-000-217-100						206,765	(30,133)	176,632	176,632	
Purchased Professional & Educational Services 11-000-217-320	80,000	(61,140)	18,860	17,804	1,056	70,000	(32,451)	37,549	37,549	
Total Other Support Services - Students - Extraordinary Services	80,000	(61,140)	18,860	17,804	1,056	276,765	(62,584)	214,181	214,181	
Other Support Services - Students - Regular:										
Salaries of Other Professional Staff 11-000-218-104	198,434	34,078	232,512	232,419	93	224,940	4,673	229,613	229,613	
Supplies and Materials 11-000-218-600	2,710		2,710	1,332	1,378	1,000	(295)	705	705	
Total Other Support Services - Students - Regular	201,144	34,078	235,222	233,751	1,471	225,940	4,378	230,318	230,318	
Other Support Services - Students - Special Services:										
Salaries of Other Professional Staff 11-000-219-104	462,430	(117,345)	345,085	344,481	604	409,340	(79,909)	329,431	329,431	
Salaries of Secretarial & Clerical Assistants 11-000-219-105	52,149		52,149	51,633	516	51,633	(1,127)	50,506	50,506	
Travel Expenditures 11-000-219-580		328	328	328			369	369	369	
Miscellaneous Purchased Services 11-000-219-592	2,450	(1,375)	1,075		1,075	2,400	(2,330)	70	70	
Supplies and Materials 11-000-219-600	3,100		3,100	3,021	79	4,000	(834)	3,166	3,166	
Total Other Support Services - Students - Special Services	520,129	(118,392)	401,737	399,463	2,274	467,373	(83,831)	383,542	383,542	
Improvement of Instruction Services:										
Salaries of Supervisors of Instruction 11-000-221-102	143,008		143,008	143,008		138,456	2,885	141,341	141,341	
Salaries of Other Professional Staff 11-000-221-104	6,930	(1,588)	5,342	5,342		8,000	(2,221)	5,779	5,779	
Salaries of Secretarial & Clerical Assistants 11-000-221-105	40,005		40,005	40,005		40,005		40,005	40,005	
Other Purchased Services 11-000-221-500	3,300	(2,800)	500	100	400	3,170	(2,969)	201	201	
Travel Expenditures 11-000-221-580		531	531	217	314		360	360	360	
Supplies and Materials 11-000-221-600	5,100	(2,909)	2,191	1,613	578	6,000	(2,336)	3,664	3,559	105
Other Objects 11-000-221-800	350	804	1,154	1,154		2,350	(980)	1,370	1,370	

MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Improvement of Instruction Services	198,693	(5,962)	192,731	191,439	1,292	197,981	(5,261)	192,720	192,615	105	
Educational Media Services/School Library:											
Salaries	11-000-222-100	182,143	(1,250)	180,893	180,524	369	180,339		180,339	180,339	
Purchased Professional & Technical Services	11-000-222-300	450		450		450					
Other Purchased Services	11-000-222-500	3,725	(3,500)	225		225	6,130	(6,130)			
Supplies and Materials	11-000-222-600	21,628		21,628	19,414	2,214	25,000	(11,018)	13,982	13,700	282
Other Objects	11-000-222-800	7,741		7,741	7,326	415	10,000	(2,773)	7,227	7,227	
Total Educational Media Services/School Library		215,687	(4,750)	210,937	207,264	3,673	221,469	(19,921)	201,548	201,266	282
Instructional Staff Training Services:											
Salaries of Supervisors of Instruction	11-000-223-102						7,056	(6,955)	101	101	
Salaries of Other Professional Staff	11-000-223-104	2,625	(2,600)	25		25		3,528	3,528	3,528	
Other Salaries	11-000-223-110	1,050		1,050		1,050					
Purchased Professional & Educational Services	11-000-223-320	3,500		3,500		3,500	8,000	(7,800)	200		200
Other Purchased Services	11-000-223-500	14,475	(7,300)	7,175	4,520	2,655	13,125	(1,774)	11,351	10,751	600
Total Instructional Staff Training Services		21,650	(9,900)	11,750	4,520	7,230	28,181	(13,001)	15,180	14,380	800
Support Services General Administration:											
Salaries	11-000-230-100	234,003	1,306	235,309	235,309		226,749	4,148	230,897	230,897	
Legal Services	11-000-230-331	45,000	48,033	93,033	76,781	16,252	39,000	12,194	51,194	51,194	
Audit Fees	11-000-230-332						22,500	3,000	25,500	25,500	
Other Purchased Professional Services	11-000-230-339	78,500	(6,268)	72,232	67,099	5,133	45,790	(7,628)	38,162	38,162	
Communications/Telephone	11-000-230-530	50,000	24,160	74,160	74,160		57,000	21,178	78,178	78,178	
Travel	11-000-230-585	7,000	(4,442)	2,558		2,558	7,500	(4,325)	3,175	3,175	
Other Purchased Services (400-500)	11-000-230-590	25,000	(14,891)	10,109	10,109		23,395	(12,601)	10,794	10,794	
Supplies and Materials	11-000-230-600							1,893	1,893	913	980
General Supplies	11-000-230-610	4,600	(1,020)	3,580	2,273	1,307	3,000	(1,934)	1,066	1,066	
Miscellaneous Expenditures	11-000-230-890	29,000	2,344	31,344	31,344		10,000	(3,971)	6,029	5,778	251
BOE Membership Dues and Fees	11-000-230-895						25,000	(2,709)	22,291	22,291	
Total Support Services General Administration		473,103	49,222	522,325	497,075	25,250	459,934	9,245	469,179	467,948	1,231

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103	563,982	(86,174)	477,808	465,204	12,604	530,094	41,372	571,466	571,466	
Salaries of Other Professional Staff	11-000-240-104	68,592	4,363	72,955	72,955		58,913	(4,154)	54,759	54,759	
Salaries of Secretarial & Clerical Assistants	11-000-240-105	189,423	20,616	210,039	207,388	2,651	202,405	8,068	210,473	210,473	
Purchased Professional & Technical Services	11-000-240-300	410		410		410	1,000	(1,000)			
Other Purchased Services											
Travel	11-000-240-580		5,837	5,837	192	5,645		941	941	904	37
Other Purchased Services (400-500)	11-000-240-500	24,899	(16,248)	8,651	4,103	4,548	23,500	(16,130)	7,370	7,370	
Supplies and Materials	11-000-240-600	23,700	(5,937)	17,763	12,991	4,772	25,000	(16,095)	8,905	8,231	674
Other Objects	11-000-240-800	3,000	2,305	5,305	5,288	17	20,000	(7,858)	12,142	12,142	
Total Support Services School Administration		874,006	(75,238)	798,768	768,121	30,647	860,912	5,144	866,056	865,345	711
Central Services:											
Salaries	11-000-251-100	320,368		320,368	312,456	7,912	336,310	(20,894)	315,416	315,416	
Purchased Professional Services	11-000-251-330	35,000	(9,500)	25,500	17,384	8,116	20,000	17,951	37,951	37,951	
Other Purchased Services	11-000-251-500		5,500	5,500	4,606	894	8,200	(3,231)	4,969	4,581	388
Travel	11-000-251-580		1,500	1,500	549	951		1,695	1,695	1,695	
Miscellaneous Purchased Services	11-000-251-592	52,500	(37,198)	15,302	14,747	555	53,500	(36,956)	16,544	16,342	202
Supplies and Materials	11-000-251-600	6,600		6,600	5,252	1,348	6,500	(1,939)	4,561	4,561	
Miscellaneous Expenditures	11-000-251-890	3,500	6,215	9,715	9,623	92	5,500	(1,056)	4,444	4,444	
Total Central Services		417,968	(33,483)	384,485	364,617	19,868	430,010	(44,430)	385,580	384,990	590
Administration Information Technology:											
Salaries	11-000-252-100	188,826	(2,049)	186,777	186,768	9	136,157	8,930	145,087	145,087	
Purchased Prof. Education Serv.	11-000-252-320							1,620	1,620	1,620	
Purchased Technical Services	11-000-252-340	18,000	6,270	24,270	23,668	602	18,279	22,963	41,242	41,242	
Other Purchased Services (400-500)	11-000-252-500	19,000	12,700	31,700	30,338	1,362	28,989	(791)	28,198	28,198	
General Supplies	11-000-252-600	57,000	(3,151)	53,849	53,802	47	73,169	(45,133)	28,036	28,036	
Total Administration Information Technology		282,826	13,770	296,596	294,576	2,020	256,594	(12,411)	244,183	244,183	

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**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Allowable Maintenance for School Facilities:											
Salaries	11-000-261-100	176,205		176,205	174,460	1,745	179,696	(2,597)	177,099	177,099	
Cleaning, Repair & Maintenance Services	11-000-261-420	221,150	(80,430)	140,720	135,536	5,184	221,150	(62,402)	158,748	155,892	2,856
General Supplies	11-000-261-610	79,246	(44,136)	35,110	33,255	1,855	79,246	(41,812)	37,434	33,637	3,797
Total Allowable Maintenance for School Facilities		476,601	(124,566)	352,035	343,251	8,784	480,092	(106,811)	373,281	366,628	6,653
Other Operation & Maintenance of Plant:											
Salaries	11-000-262-100	690,978	(15,840)	675,138	675,138		653,382	23,650	677,032	677,032	
Salaries of Non-Instructional Aides	11-000-262-107	45,492		45,492	44,253	1,239					
Purchased Professional & Technical Services	11-000-262-300	118,200	57,330	175,530	143,057	32,473	42,000	52,647	94,647	92,631	2,016
Cleaning, Repair & Maintenance Services	11-000-262-420						2,000	(1,873)	127	127	
Other Purchased Property Services	11-000-262-490	22,554		22,554	22,404	150	20,392	(25)	20,367	20,367	
Insurance	11-000-262-520	144,744	(36,395)	108,349	108,288	61	127,790		127,790	127,790	
General Supplies	11-000-262-610	116,900	(44,306)	72,594	66,628	5,966	138,900	(62,435)	76,465	74,871	1,594
Energy (Heat & Electricity)	11-000-262-620		637,194	637,194	603,977	33,217	860,700	(128,362)	732,338	732,338	
Energy (Natural Gas)	11-000-262-621	250,807	(250,807)								
Energy (Electricity)	11-000-262-622	533,936	(533,936)								
Other Objects	11-000-262-800	15,700	(200)	15,500	13,463	2,037	15,700	(5,313)	10,387	10,337	50
Total Other Operation & Maintenance of Plant		1,939,311	(186,960)	1,752,351	1,677,208	75,143	1,860,864	(121,711)	1,739,153	1,735,493	3,660
Student Transportation Services:											
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	1,082,065	21,957	1,104,022	1,104,022		921,268	43,839	965,107	965,107	
Salaries for Pupil Transportation (Between Home & School) - Special Ed.	11-000-270-161	242,122	(185,995)	56,127	56,127		121,600	(32,652)	88,948	88,948	
Salaries for Pupil Transportation (Between Home & School) - Nonpublic School	11-000-270-163	142,746	(9,455)	133,291	133,291		140,639	(6,514)	134,125	134,125	
Other Purchased Professional & Technical Services	11-000-270-390	4,000	(4,000)				4,200	(4,200)			
Cleaning, Repair & Maintenance Services	11-000-270-420	23,000	(5,612)	17,388	16,923	465	24,200	(11,929)	12,271	11,926	345
Lease Purchase Payments - School Buses	11-000-270-443	166,247	(16,655)	149,592	149,592		129,842	10,058	139,900	139,900	
Contracted Services (Regular Education Routes) - Vendors	11-000-270-511	182,036	209,720	391,756	391,756			597,570	597,570	597,570	

MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Student Transportation Services (continued):										
Contracted Services (Between Home & School) - Joint Agreements	11-000-270-513						73	(73)		
Contracted Services (Special Education Students) - Vendors	11-000-270-514	176,428	281,679	458,107	432,003	26,104	758,846	(148,356)	610,490	610,490
Contracted Services (Aid in Lieu of Payments) - Nonpublic Sch.	11-000-270-503	36,754	21,890	58,644	58,644			59,672	59,672	59,672
Miscellaneous Purchased Services - Transportation	11-000-270-593	12,207	(11,458)	749	749		12,332	(12,332)		
Supplies and Materials	11-000-270-600	342,000	(61,030)	280,970	278,219	2,751	313,800	(61,890)	251,910	250,425
Other Objects	11-000-270-800	7,000	(2,206)	4,794	4,794		7,400	(4,732)	2,668	2,668
Total Student Transportation Services		2,416,605	238,835	2,655,440	2,626,120	29,320	2,434,200	428,461	2,862,661	2,860,831
Unallocated Benefits - Employee Benefits:										
Social Security Contributions	11-000-291-220	345,000		345,000	324,865	20,135	352,665	(580)	352,085	352,085
Other Retirement Contributions - Regular	11-000-291-241	270,000		270,000	252,465	17,535	225,000	(92,343)	132,657	132,657
Unemployment Compensation	11-000-291-250	50,000	24,132	74,132	74,132		15,750	41,250	57,000	62,565
Workmen's Compensation	11-000-291-260	141,278	(4,303)	136,975	131,620	5,355	200,981	(38,910)	162,071	162,071
Health Benefits	11-000-291-270	3,177,205	51,853	3,229,058	3,210,619	18,439	3,043,583	157,160	3,200,743	3,200,743
Tuition Reimbursements	11-000-291-280	36,247	7,227	43,474	29,441	14,033	65,000	(26,553)	38,447	31,219
Other Employee Benefits	11-000-291-290	36,000	(9,188)	26,812	22,377	4,435	35,000	(25,551)	9,449	9,449
Total Unallocated Benefits		4,055,730	69,721	4,125,451	4,045,519	79,932	3,937,979	14,473	3,952,452	3,950,789
Nonbudgeted:										
On-Behalf Post Retirement Medical				30,550	30,550				29,011	(29,011)
On-Behalf TPAF Pension Contribution				573,765	573,765				553,466	(553,466)
Reimbursed TPAF Social Security				663,962	663,962				656,984	(656,984)
Total Undistributed Expenditures		23,411,481	12,727	23,424,208	24,395,828	(971,620)	22,896,321	128,508	23,024,829	24,230,671
Total Expenditures - Current Expense		31,782,825	13,764	31,796,589	32,710,031	(913,442)	31,438,354	200,708	31,639,062	32,836,272

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Capital Outlay:											
Interest Deposit to Capital Reserve		50		50		50					
Equipment:											
Undistributed Expenditures:											
Instruction	12-000-100-730						11,305	(11,305)			
Administrative Information											
Technology	12-000-252-730							2,476	2,476	2,476	
Operation & Maintenance of Plant Services	12-000-260-730		9,283	9,283	9,283		9,000	(201)	8,799	8,799	
Total Equipment & Interest Deposit		50	9,283	9,333	9,283	50	20,305	(9,030)	11,275	11,275	
Facilities Acquisition & Construction Services:											
Land & Improvements	12-000-400-721						26,382		26,382	26,382	
Total Facilities Acquisition & Construction Services							26,382		26,382	26,382	
Assets Acquired Under Capital Leases (Nonbudgeted):											
Undistributed Expenses:											
Student Transportation					220,375	(220,375)					
Total Assets Acquired Under Capital Leases (Nonbudgeted)					220,375	(220,375)					
Total Capital Outlay		50	9,283	9,333	229,658	(220,325)	46,687	(9,030)	37,657	37,657	
Special Schools:											
Adult Education - Local - Instruction:											
Salaries of Teachers	13-602-100-101	5,950	1,744	7,694	7,694		5,000	1,496	6,496	6,496	
Purchased Professional & Technical Services	13-602-100-300	44,000	994	44,994	44,994		65,000	(7,536)	57,464	38,537	18,927
General Supplies	13-602-100-610	3,000	(850)	2,150	1,519	631	3,000	(657)	2,343	1,616	727
Total Adult Education - Local - Instruction		52,950	1,888	54,838	54,207	631	73,000	(6,697)	66,303	46,649	19,654

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

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ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Adult Education - Local - Support Services:											
Salaries	13-602-200-100	35,000	10,679	45,679	45,679	50,000	(784)	49,216	46,562	2,654	
Personal Services - Employee											
Benefits	13-602-200-200	1,833	2,160	3,993	3,993	1,000	3,059	4,059	4,059		
Supplies and Materials	13-602-200-600	4,217	(250)	3,967	3,967	6,000	490	6,490	6,490		
Total Adult Education - Local - Support Services		41,050	12,589	53,639	53,639	57,000	2,765	59,765	57,111	2,654	
Total Special Schools		94,000	14,477	108,477	107,846	631	130,000	(3,932)	126,068	103,760	22,308
Total Expenditures		31,876,875	37,524	31,914,399	33,047,535	(1,133,136)	31,615,041	187,746	31,802,787	32,977,689	(1,174,902)
Other Financing Sources/(Uses):											
Operating Transfers Out:											
Capital Lease Nonbudgeted					220,375	(220,375)					
Contribution from Food Service Fund		135,118		135,118	135,118						
Cancel Unknown Prior Year Encumbrances							(35,277)	(35,277)		35,277	
Total Other Financing Sources /(Uses)		135,118		135,118	355,493	(220,375)	(35,277)	(35,277)		35,277	
Total Expenditures & Other Financing Sources/(Uses)		31,741,757	37,524	31,779,281	32,692,042	(1,353,511)	31,615,041	223,023	31,838,064	32,977,689	(1,139,625)

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses		(37,524)	(37,524)	453,717	491,241		(223,023)	(223,023)	(89,976)	133,047
Fund Balances, July 1	640,609		640,609	640,609		730,585		730,585	730,585	
Fund Balances, June 30	<u>\$640,609</u>	<u>(37,524)</u>	<u>603,085</u>	<u>1,094,326</u>	<u>491,241</u>	<u>730,585</u>	<u>(223,023)</u>	<u>507,562</u>	<u>640,609</u>	<u>133,047</u>

RECAPITULATION OF FUND BALANCE

Reserve for Encumbrances	\$125,302
Capital Reserve	6,410
Unreserved Designated for Subsequent Year Expenditures	233,000
Unreserved Undesignated Fund Balance	<u>729,614</u>
Total - Budgetary Basis	1,094,326
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(522,867)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$571,459</u>

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
AMERICAN RECOVERY AND REINVESTMENT ACT -
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2010**

REVENUES	ACCOUNT NUMBERS	JUNE 30, 2010			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Federal Sources		\$ -	508,258	508,258	508,258
Total Revenues			508,258	508,258	508,258
EXPENDITURES:					
Instruction:					
ARRA - State Fiscal Stabilization Fund					
Education Stabilization Fund:					
	Salaries of Teachers Gr 1-5 16-000-120-101		489,316	489,316	489,316
Total Education Stabilization Fund			489,316	489,316	489,316
ARRA - State Fiscal Stabilization Fund - ESF					
Government Services Fund:					
	Salaries of Teachers Gr 1-5 17-000-120-I01		18,942	18,942	18,942
Total Government Services Fund			18,942	18,942	18,942
Total State Fiscal Stabilization Fund			508,258	508,258	508,258
Total Expenditures			508,258	508,258	508,258
Total Outflows			508,258	508,258	508,258
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)					
		\$ -	-	-	-

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES										
Local Sources		109,458	109,458	109,458			68,282	68,282	68,282	
State Sources	\$9,876	(932)	8,944	8,944			24,137	24,137	24,137	
Federal Sources	325,172	230,868	556,040	556,040		296,278	175,202	471,480	471,480	
Total Revenues	335,048	339,394	674,442	674,442		296,278	267,621	563,899	563,899	
EXPENDITURES:										
Instruction:										
Salaries of Teachers		182,359	182,359	182,359			154,325	154,325	154,325	
Salaries - Other Salaries of Instruction		41,550	41,550	41,550						
Purchased Technical Services		49,425	49,425	49,425			38,900	38,900	38,900	
Other Purchased Services (400-500 Series)		122,797	122,797	122,797			214,506	214,506	214,506	
General Supplies		90,332	90,332	90,332			20,582	20,582	20,582	
Textbooks							1,430	1,430	1,430	
Total Instruction		486,463	486,463	486,463			429,743	429,743	429,743	
Support Services:										
Salaries	335,048	(335,048)				296,278	(283,981)	12,297	12,297	
Personal Services - Employee Benefits		45,416	45,416	45,416			20,029	20,029	20,029	
Purchased Professional - Educational Services		23,082	23,082	23,082			22,655	22,655	22,655	
Other Purchased Services		10,586	10,586	10,586			3,973	3,973	3,973	
Supplies & Materials		102,688	102,688	102,688			73,981	73,981	73,981	
Other Objects							1,221	1,221	1,221	
Total Support Services	335,048	(153,276)	181,772	181,772		296,278	(162,122)	134,156	134,156	
Facilities Acquisition & Construction Services:										
Instructional Equipment		6,207	6,207	6,207						
Total Facilities Acquisition & Construction Services		6,207	6,207	6,207						
Total Expenditures	335,048	339,394	674,442	674,442		296,278	267,621	563,899	563,899	
Total Outflows	335,048	339,394	674,442	674,442		296,278	267,621	563,899	563,899	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	-	-	-		-	-	-	-	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$33,145,759	674,442
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior		9,792
Current		(37,109)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	501,979	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(522,867)	
	\$33,124,871	647,125
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
	\$33,124,871	647,125
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$33,047,535	674,442
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		(27,317)
		(27,317)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)		
	\$33,047,535	647,125

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

Not Applicable

E. Special Revenue Fund

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	TITLE IIA	TITLE IV
Revenues:		
Local Sources		
State Sources		
Federal Source	\$32,150	2,330
	<hr/>	<hr/>
Total Revenues	<u>\$32,150</u>	<u>2,330</u>
Expenditures:		
Instruction:		
Salaries of Teachers	\$6,435	
Salaries of Aides		
Purchased Technical Services		
Other Purchased Services		
Tuition		2,000
General Supplies		34
Textbooks		
	<hr/>	<hr/>
Total Instruction	<u>6,435</u>	<u>2,034</u>
Support Services:		
Salaries		
Personal Services - Employee		
Benefits	403	
Purchased Professional		
Educational Services	13,747	
Other Purchased Services	9,562	
Supplies & Materials	2,003	296
Other Objects		
	<hr/>	<hr/>
Total Support Services	<u>25,715</u>	<u>296</u>
Facilities Acquisition & Construction		
Services:		
Instructional Equipment		
	<hr/>	<hr/>
Total Facilities Acquisition & Construction Services		
	<hr/>	<hr/>
Total Expenditures	<u>\$32,150</u>	<u>2,330</u>

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	I.D.E.A. PART B BASIC	I.D.E.A. PART B BASIC ARRA
Revenues:		
Local Sources		
State Sources		
Federal Source	\$371,072	150,488
	<hr/>	<hr/>
Total Revenues	\$371,072	150,488
	<hr/> <hr/>	<hr/> <hr/>
Expenditures:		
Instruction:		
Salaries of Teachers	136,204	31,478
Salaries of Aides	41,550	
Purchased Technical Services		43,240
Other Purchased Services	120,000	
Tuition		
General Supplies	13,168	74,834
Textbooks		
	<hr/>	<hr/>
Total Instruction	310,922	149,552
	<hr/>	<hr/>
Support Services:		
Salaries		
Personal Services - Employee		
Benefits	43,447	936
Purchased Professional		
Educational Services	6,076	
Other Purchased Services	994	
Supplies & Materials	9,633	
Other Objects		
	<hr/>	<hr/>
Total Support Services	60,150	936
	<hr/>	<hr/>
Facilities Acquisition & Construction		
Services:		
Instructional Equipment		
	<hr/>	<hr/>
Total Facilities Acquisition & Construction Services		
	<hr/>	<hr/>
Total Expenditures	\$371,072	150,488
	<hr/> <hr/>	<hr/> <hr/>

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	NONPUBLIC		
	NURSING	CORRECTIVE SPEECH	HANDICAPPED SERVICES
Revenues:			
Local Sources			
State Sources	\$734	1,793	732
Federal Source			
Total Revenues	\$734	1,793	732
Expenditures:			
Instruction:			
Salaries of Teachers			
Salaries of Aides			
Purchased Technical Services			
Other Purchased Services			
Tuition			
General Supplies			
Textbooks			
Total Instruction			
Support Services:			
Salaries			
Personal Services - Employee Benefits			
Purchased Professional Educational Services	\$734	1,793	732
Other Purchased Services			
Supplies & Materials			
Other Objects			
Total Support Services	734	1,793	732
Facilities Acquisition & Construction Services:			
Instructional Equipment			
Total Facilities Acquisition & Construction Services			
Total Expenditures	\$734	1,793	732

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (With Comparative Totals for June 30, 2009)**

	NONPUBLIC		
	SUPPLEMENTARY INSTRUCTION	COMPENSATORY EDUCATION	AUXILIARY SERVICES
Revenues:			
Local Sources			
State Sources	\$2,787	1,919	979
Federal Source			
Total Revenues	\$2,787	1,919	979
Expenditures:			
Instruction:			
Salaries of Teachers			
Salaries of Aides			
Purchased Technical Services	\$2,787	1,919	979
Other Purchased Services			
Tuition			
General Supplies			
Textbooks			
Total Instruction	2,787	1,919	979
Support Services:			
Salaries			
Personal Services - Employee			
Benefits			
Purchased Professional			
Educational Services			
Other Purchased Services			
Supplies & Materials			
Other Objects			
Total Support Services			
Facilities Acquisition & Construction			
Services:			
Instructional Equipment			
Total Facilities Acquisition & Construction Services			
Total Expenditures	\$2,787	1,919	979

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	LOCAL GRANTS	2010	2009
Revenues:			
Local Sources	\$109,458	109,458	68,282
State Sources		8,944	24,137
Federal Source		556,040	471,480
Total Revenues	\$109,458	674,442	563,899
Expenditures:			
Instruction:			
Salaries of Teachers	\$8,242	182,359	154,325
Salaries of Aides		41,550	
Purchased Technical Services	500	49,425	38,900
Other Purchased Services	797	120,797	214,506
Tuition		2,000	
General Supplies	2,296	90,332	20,582
Textbooks			1,430
Total Instruction	11,835	486,463	429,743
Support Services:			
Salaries			12,297
Personal Services - Employee Benefits	630	45,416	20,029
Purchased Professional Educational Services		23,082	22,655
Other Purchased Services	30	10,586	3,973
Supplies & Materials	90,756	102,688	73,981
Other Objects			1,221
Total Support Services	91,416	181,772	134,156
Facilities Acquisition & Construction Services:			
Instructional Equipment	6,207	6,207	
Total Facilities Acquisition & Construction Services	6,207	6,207	
Total Expenditures	\$109,458	674,442	563,899

F. Capital Projects Fund

**MILLSTONE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

PROJECT TITLE/ISSUE	ORIGINAL DATE	ORIGINAL APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2010.
			PRIOR YEARS	CURRENT YEAR	
New Middle School	5/24/04	\$37,817,245	37,450,510	79,700	287,035
Construction of Various Renovations to the Old Middle School	5/24/04	1,141,569	1,095,046		46,523
Construction of Various Renovations to the Elementary School	5/24/04	1,813,525	1,727,942		85,583
Total		<u>\$40,772,339</u>	<u>40,273,498</u>	<u>79,700</u>	<u>419,141</u>
					Unexpended Balance \$419,141
					Authorization not Funded (573)
					<u>Fund Balance (Exhibit B-2) \$418,568</u>

**MILLSTONE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	\$301
Construction Services	68,617
Equipment Purchases	<u>10,782</u>
Total Expenditures	<u>79,700</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(79,700)</u>
Fund Balance - Beginning	<u>498,268</u>
Fund Balance - Ending	<u><u>\$418,568</u></u>

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
NEW MIDDLE SCHOOL BUILDING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant	\$5,329,038		5,329,038	5,329,038
Bond Proceeds & Transfers	32,488,207		32,488,207	32,488,207
Total Reserve	37,817,245		37,817,245	37,817,245
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	3,016,225	301	3,016,526	2,678,708
Construction Services	32,413,239	68,617	32,481,856	31,867,509
Equipment Purchases	1,602,129	10,782	1,612,911	2,878,000
Miscellaneous	418,917		418,917	393,028
Total Expenditures & Other Financing Uses	37,450,510	79,700	37,530,210	37,817,245
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$366,735	(79,700)	287,035	-

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/22/2004
Bond Authorization Date	6/29/2004
Bonds Authorized	\$32,416,902
Bonds Issued	\$32,416,902
Original Authorized Cost	\$37,745,940
Additional Authorized Cost	\$71,305
Revised Authorized Cost	\$37,817,245
Percentage Increase Over Original Authorized Cost	0.19%
Percentage Completion	99.24%
Original Target Completion Date	09/01/07
Revised Target Completion Date	09/01/07

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
RENOVATIONS AND REPAIRS TO OLD MILLSTONE MIDDLE SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant	\$408,662		408,662	408,662
Bond Proceeds & Transfers	732,907		732,907	732,907
Total Reserve	1,141,569		1,141,569	1,141,569
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	201,268		201,268	248,000
Construction Services	876,865		876,865	847,950
Equipment Purchases				29,500
Miscellaneous	16,913		16,913	16,119
Total Expenditures & Other Financing Uses	1,095,046		1,095,046	1,141,569
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
	\$46,523		46,523	-

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/22/2004
bond Authorization Date	6/29/2004
Bonds Authorized	\$1,141,376
Bonds Issued	\$1,141,376
Original Authorized Cost	\$1,902,293
Additional Authorized Cost	(\$760,724)
Revised Authorized Cost	\$1,141,569
Percentage Increase Over Original Authorized Cost	-39.99%
Percentage Completion	95.92%
Original Target Completion Date	09/01/07
Revised Target Completion Date	09/01/07

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
CONSTRUCTION OF VARIOUS RENOVATIONS TO THE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

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

ADDITIONAL PROJECT INFORMATION

Project Number	
Grant Date	7/22/2004
Bond Authorization Date	6/29/2004
Bonds Authorized	\$959,295
Bonds Issued	\$959,295
Original Authorized Cost	\$1,476,361
Additional Authorized Cost	\$337,164
Revised Authorized Cost	\$1,813,525
Percentage Increase Over Original Authorized Cost	46.70%
Percentage Completion	95.28%
Original Target Completion Date	10/31/05
Revised Target Completion Date	06/30/06

G. Proprietary Funds

Enterprise Funds



**MILLSTONE TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			2010	2009
	FOOD SERVICE	MAST PROGRAM	PERFORMING ARTS CENTER		
Current Assets:					
Cash & Cash Equivalents	\$157,614		141,276	298,890	386,385
Intergovernmental Receivables	6,267			6,267	9,924
Inventories	16,235			16,235	12,456
Total Current Assets	180,116		141,276	321,392	408,765
Noncurrent Assets:					
Furniture, Machinery & Equipment	482,829			482,829	272,493
Less: Accumulated Depreciation	(305,841)			(305,841)	(214,197)
Total Noncurrent Assets	176,988			176,988	58,296
Total Assets	357,104		141,276	498,380	467,061
LIABILITIES					
Accounts Payable	156		3,724	3,880	39,887
Interfund Payable	10,557			10,557	10,557
Deferred Revenue	6,332			6,332	4,787
Total Liabilities	17,045		3,724	20,769	55,231
NET ASSETS					
Investment in Capital Assets Net of Related Debt	176,988			176,988	42,578
Unrestricted	163,071		137,552	300,623	369,252
Total Net Assets	\$340,059	-	137,552	477,611	411,830

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			2010	2009
	FOOD SERVICE	MAST PROGRAM	PERFORMING ARTS CENTER		
Operating Revenues:					
Local Revenues:					
Daily Sales - Reimbursable Programs	\$243,966			243,966	260,911
Total - Daily Sales - Reimbursable Programs	243,966			243,966	260,911
Daily Sales - Nonreimbursable Programs	206,724			206,724	205,605
Special Functions	3,340			3,340	3,145
Interest Revenue	655		495	1,150	832
Community Service Activities			130,037	130,037	100,624
Total Operating Revenue	454,685		130,532	585,217	571,117
Operating Expenses:					
Cost of Sales	221,069			221,069	220,940
Salaries	199,858		7,216	207,074	219,807
Support Services - Employee Benefits	45,613		603	46,216	47,642
Management Fees	21,823			21,823	19,212
Purchased Professional/Technical Services	1,965		49,232	51,197	30,533
Supplies & Materials	11,507		13,039	24,546	22,105
Depreciation	48,974			48,974	15,718
General Insurance	7,262			7,262	6,306
Office Expense	2,377			2,377	1,216
Travel	2,776			2,776	6,721
Miscellaneous Expenditures	360		8,148	8,508	10,634
Total Operating Expenses	563,584		78,238	641,822	600,834
Operating Income/(Loss)	(108,899)		52,294	(56,605)	(29,717)
Nonoperating Revenues/(Expenses):					
State Sources:					
State School Lunch Program	5,462			5,462	5,418
Federal Sources:					
National School Lunch Program	53,986			53,986	44,254
Special Milk Program	3,420			3,420	1,748
Food Distribution Program	26,970			26,970	19,626
Revaluation of Fixed Assets	167,666			167,666	
Contribution to the Board	(56,453)	(68,541)	(10,124)	(135,118)	
Total Nonoperating Revenues/(Expenses)	201,051	(68,541)	(10,124)	122,386	71,046
Change in Net Assets	92,152	(68,541)	42,170	65,781	41,329
Total Net Assets - Beginning	247,907	68,541	95,382	411,830	370,501
Total Net Assets - Ending	\$340,059	-	137,552	477,611	411,830

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			2010	2009
	FOOD SERVICE	MAST PROGRAM	PERFORMING ARTS CENTER		
Cash Flows From Operating Activities:					
Receipts from Customers	\$454,030		130,037	584,067	570,285
Payments to Employees	(245,471)		(7,819)	(253,290)	(267,449)
Payments to Suppliers	(281,308)		(69,521)	(350,829)	(281,336)
Interest Earned	655		495	1,150	832
Net Cash Provided/(Used) by Operating Activities	(72,094)		53,192	(18,902)	22,332
Cash Flows From Noncapital Financing Activities:					
State Sources	5,462			5,462	5,418
Federal Sources	61,063			61,063	46,278
Cash Paid for Board Contribution	(56,453)	(68,541)	(10,124)	(135,118)	46,278
Net Cash Provided by Noncapital Financing Activities	10,072	(68,541)	(10,124)	(68,593)	97,974
Net Increase/(Decrease) in Cash & Cash Equivalents	(62,022)	(68,541)	43,068	(87,495)	120,306
Cash & Cash Equivalents, July 1	219,636	68,541	98,208	386,385	312,357
Cash & Cash Equivalents, June 30	\$157,614	-	141,276	298,890	432,663

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

Operating Income/(Loss)	(\$108,899)		52,294	(56,605)	(29,717)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:					
Depreciation Expense	48,974			48,974	15,718
Food Distribution Program	26,970			26,970	19,626
Change in Assets & Liabilities:					
Increase/(Decrease) in Inventory	(3,779)			(3,779)	86
(Decrease)/Increase in Accounts Payable	(36,905)		898	(36,007)	1,275
(Decrease)/Increase in Interfund Payable					10,557
(Decrease)/Increase in Deferred Revenue	1,545			1,545	4,787
Net Cash Provided/(Used) by Operating Activities	(\$72,094)	-	53,192	(18,902)	22,332

Internal Service Fund

Not Applicable

H. Fiduciary Fund

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ASSETS	PRIVATE PURPOSE TRUST		AGENCY		2010	2009
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITIES	PAYROLL FUND		
Cash & Cash Equivalents	\$7,446	21,574	41,191	527,226	597,437	606,191
Total Assets	7,446	21,574	41,191	527,226	597,437	606,191
LIABILITIES						
Interfund Payable		7,407		17,083	24,490	23,769
Accounts Payable		16,254		6,643	22,897	89,504
Payable to Summer Teachers				503,500	503,500	458,970
Due to Student Groups			41,191		41,191	35,117
Total Liabilities		23,661	41,191	527,226	592,078	607,360
NET ASSETS						
Held in Trust for Unemployment Claims & Other Purposes		(2,087)			(2,087)	(8,666)
Reserved for Scholarships	7,446				7,446	7,497
Total Net Assets	\$7,446	(2,087)		-	5,359	(1,169)

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	<u>PRIVATE PURPOSE TRUST</u>		2010	2009
	SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION		
Additions:				
Contributions:				
Plan Member		106,894	106,894	96,230
Other - Interest	\$38	15	53	273
Total Additions	38	106,909	106,947	96,503
Deductions:				
Quarterly Contribution Reports		9,583	9,583	6,560
Unemployment Claims		90,747	90,747	89,793
Scholarships Awarded	89		89	112
Total Deductions	89	100,330	100,419	96,465
Change in Net Assets	(51)	6,579	6,528	38
Net Assets - Beginning of Year	7,497	(8,666)	(1,169)	(1,207)
New Assets - End of Year	\$7,446	(2,087)	5,359	(1,169)

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	BALANCE JULY 1, 2009	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2010
Elementary School	\$6,791	19,802	19,621	6,972
Primary School	1,926	10,715	10,502	2,139
Middle School	26,400	70,968	65,288	32,080
Total	\$35,117	101,485	95,411	41,191

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

ASSETS	BALANCE JULY 1, 2009	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2010
Cash & Cash Equivalents	\$559,038	15,535,946	15,567,758	527,226
Total Assets	\$559,038	15,535,946	15,567,758	527,226
LIABILITIES				
Net Payroll		8,603,678	8,603,678	
Payroll Deductions & Withholdings	\$83,707	6,428,046	6,505,110	6,643
Interfund Payable	16,361	722		17,083
Payable to Summer Teachers	458,970	503,500	458,970	503,500
Total Liabilities	\$559,038	15,535,946	15,567,758	527,226

I. Long-Term Debt

MILLSTONE TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2010

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2009	ISSUED	REFUNDED	RETIRED	BALANCE JUNE 30, 2010
			DATE	AMOUNT						
Refunding Bonds	01/08/03	\$8,780,000	02/15/11	\$610,000	3.900%	\$6,165,000			585,000	5,580,000
			02/15/12	630,000	3.900%					
			02/15/13	655,000	3.900%					
			02/15/14	680,000	3.900%					
			02/15/15	710,000	3.900%					
			02/15/16	735,000	3.900%					
			02/15/17	765,000	4.250%					
			02/15/18	795,000	4.350%					
School District Bonds	07/15/04	34,517,000	07/15/10	600,000	4.250%	15,095,000			500,000	14,595,000
			07/15/11	700,000	4.250%					
			07/15/12	800,000	4.250%					
			07/15/13	900,000	4.500%					
			07/15/14	1,000,000	4.500%					
			07/15/15	1,100,000	4.500%					
			07/15/16	1,200,000	4.750%					
			07/15/17	1,350,000	4.750%					
			07/15/18	1,450,000	4.750%					
			07/15/19	2,000,000	4.750%					
			07/15/20	2,000,000	4.750%					
			07/15/21	1,495,000	4.750%					

MILLSTONE TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2010

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ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2009	ISSUED	REFUNDED	RETIRED	BALANCE JUNE 30, 2010
			DATE	AMOUNT						
Refunding Bonds	05/15/05	4,565,000	3/15/2011	370,000	5.000%	3,835,000			355,000	3,480,000
			3/15/2012	385,000	5.000%					
			3/15/2013	405,000	4.000%					
			3/15/2014	425,000	4.000%					
			3/15/2015	445,000	4.000%					
			3/15/2016	465,000	4.000%					
			3/15/2017	485,000	4.000%					
			3/15/2018	500,000	4.000%					
Refunding Bonds	05/11/06	9,800,000	07/15/10	20,000	3.650%	9,595,000			20,000	9,575,000
			07/15/11	20,000	3.700%					
			07/15/12	20,000	3.800%					
			07/15/13	20,000	3.900%					
			07/15/14	20,000	4.000%					
			07/15/15	20,000	4.100%					
			07/15/16	25,000	4.100%					
			07/15/17-20	25,000	4.250%					
			07/15/21-23	30,000	4.250%					
			07/15/24-25	35,000	4.250%					
			07/15/26	1,150,000	4.300%					
			07/15/27	2,020,000	4.300%					
			07/15/28	2,015,000	4.400%					
			07/15/29	2,000,000	4.400%					
			07/15/30	1,985,000	4.400%					

MILLSTONE TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2010

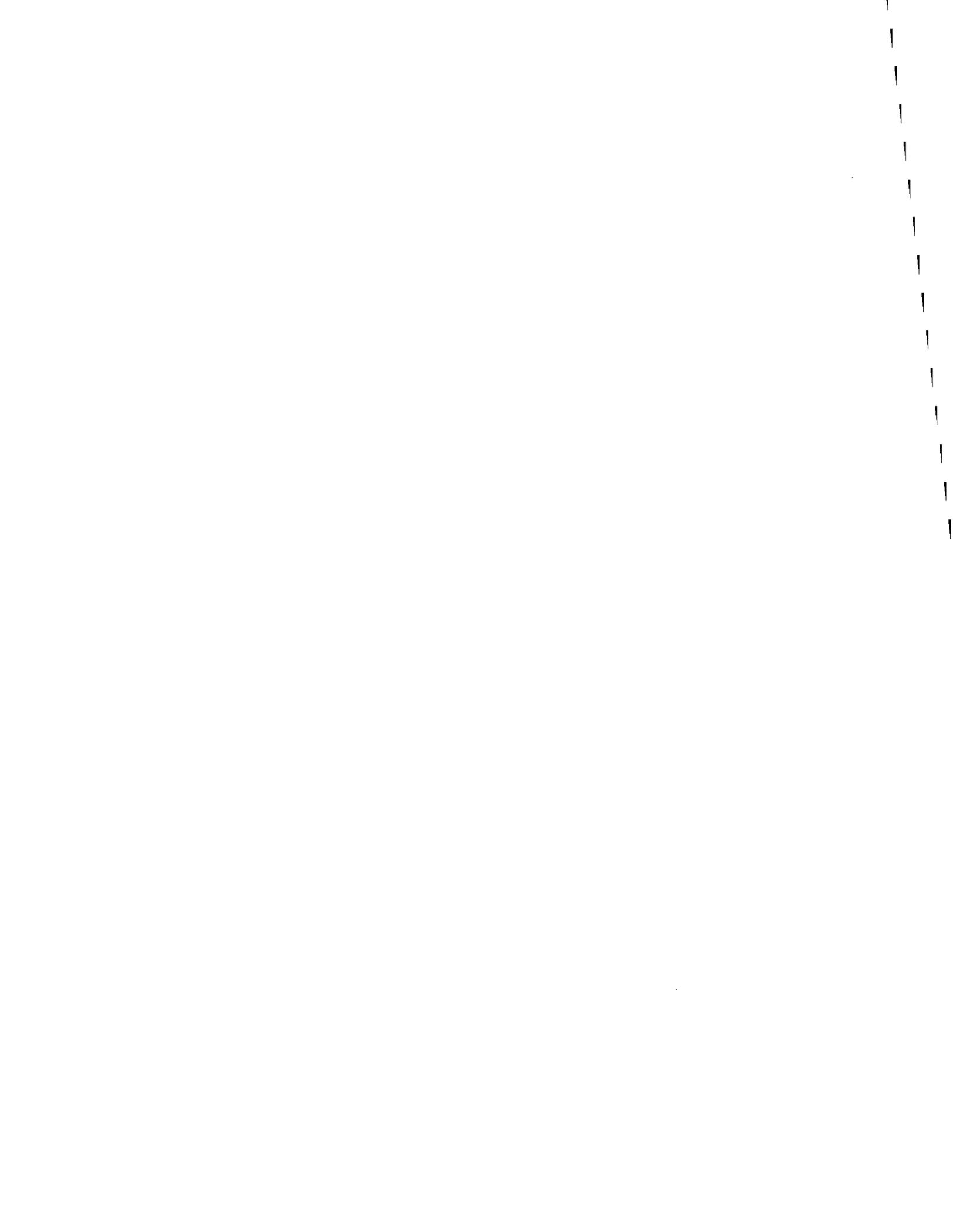
ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2009	ISSUED	REFUNDED	RETIRED	BALANCE JUNE 30, 2010
			DATE	AMOUNT						
Refunding Bonds	01/04/07	9,960,000	7/15/10-11	30,000	4.000%	9,915,000			30,000	9,885,000
			07/15/12-14	35,000	4.000%					
			07/15/15/-18	40,000	4.000%					
			07/15/19-20	45,000	4.000%					
			07/15/21	550,000	4.000%					
			07/15/22	2,040,000	4.000%					
			07/15/23	2,025,000	4.000%					
			07/15/24	2,010,000	4.000%					
			07/15/25	1,990,000	4.000%					
			07/15/26	855,000	4.000%					
Total						\$44,605,000	-	-	1,490,000	43,115,000

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2010**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2009	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2010
2006 School Buses	3.080%	233,000	\$73,676		48,741	24,935
2007 Truck & Minivan	4.050%	94,211	38,387		18,812	19,575
Two-Way Radios	3.080%	59,500	18,814		12,447	6,367
Musical Instruments	6.000%	44,153	26,432		8,303	18,129
2008 School Buses (2)	4.340%	148,760	89,148		28,463	60,685
2010 Mini School Buses (5)	4.050%	220,375		220,375	46,996	173,379
Total			\$246,457	220,375	163,762	303,070

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:										
Local Sources:										
Local Tax Levy	\$3,189,693		3,189,693	3,189,693		2,621,792		2,621,792	2,621,792	
Miscellaneous				4	4				606	606
State Sources:										
Debt Service Aid Type II	183,881		183,881	183,881		184,307		184,307	184,307	
Total Revenues	3,373,574		3,373,574	3,373,578	4	2,806,099		2,806,099	2,806,705	606
Expenditures										
Regular Debt Service:										
Interest on Bonds	1,905,041		1,905,041	1,905,041		1,958,861		1,958,861	1,958,861	
Redemption of Principal	1,490,000		1,490,000	1,490,000		1,355,000		1,355,000	1,355,000	
Total Expenditures	3,395,041		3,395,041	3,395,041		3,313,861		3,313,861	3,313,861	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(21,467)		(21,467)	(21,463)	4	(507,762)		(507,762)	(507,156)	606
Other Financing Sources/(Uses):										
Cancelled Prior Year Liabilities				21,893	21,893					
Interfund Transfers				10	10				18,281	18,281
Total Other Financing Sources/Uses				21,903	21,903				18,281	18,281
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures	(21,467)		(21,467)	440	21,907	(507,762)		(507,762)	(507,156)	606
Fund Balance, July 1	22,073		22,073	22,073		529,229		529,229	529,229	
Fund Balance, June 30	\$606		606	22,513	21,907	21,467		21,467	22,073	606



STATISTICAL SECTION (Unaudited)

MILLSTONE TOWNSHIP BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt	\$7,535,367	7,212,141	6,561,473	4,005,370	(9,526,496)	(30,605,316)	1,419,410	17,755,791
Restricted	572,793	564,227	1,826,817	5,639,682	20,847,345	35,836,022	1,946,315	1,525,158
Unrestricted	657,241	389,272	582,266	(469,600)	(1,334,904)	(1,821,912)	247,087	6,178
Total Governmental Activities Net Assets	\$8,765,401	8,165,640	8,970,556	9,175,452	9,985,945	3,408,794	3,612,812	19,287,127
Business-Type Activities:								
Invested in Capital Assets, Net of Related Debt	\$176,988	58,296	74,014	89,732	105,450	121,630	139,069	108,782
Unrestricted	300,623	353,534	296,487	238,750	202,126	151,654	131,102	115,000
Total Business-Type Activities Net Assets	\$477,611	411,830	370,501	328,482	307,576	273,284	270,171	223,782
District-Wide:								
Invested in Capital Assets, Net of Related Debt	\$7,712,355	7,270,437	6,635,487	4,095,102	(9,421,046)	(30,483,686)	1,558,479	17,864,573
Restricted	572,793	564,227	1,826,817	5,639,682	20,847,345	35,836,022	1,946,315	1,525,158
Unrestricted	957,864	742,806	878,753	(230,850)	(1,132,778)	(1,670,258)	378,189	121,178
Total District Net Assets	\$9,243,012	8,577,470	9,341,057	9,503,934	10,293,521	3,682,078	3,882,983	19,510,909

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:								
Governmental Activities:								
Instruction:								
Regular	(\$6,153,797)	(6,537,407)	(6,335,433)	(8,494,466)	(7,871,403)	(7,580,520)	(7,060,480)	(6,002,730)
Special Education	(2,123,308)	(1,990,464)	(1,797,193)	(2,242,177)	(1,976,998)	(1,789,206)	(1,683,537)	(1,454,960)
Other Special Instruction	(354,077)	(359,587)	(380,523)	(336,806)	(438,962)	(387,869)	(153,804)	(156,887)
Other Instruction	(142,167)	(147,554)	(141,185)	(269,296)	(153,978)	(146,552)	(105,128)	(20,660)
Support Services & Undistributed Costs:								
Tuition	(10,880,256)	(10,319,542)	(9,570,884)	(8,948,790)	(8,562,012)	(6,991,483)	(6,885,773)	(6,070,812)
Student & Instruction								
Related Services	(1,630,808)	(1,795,462)	(1,636,439)	(2,375,568)	(2,284,057)	(1,979,650)	(2,002,053)	(1,557,604)
School Administrative Services	(949,893)	(999,501)	(986,592)	(837,919)	(862,242)	(866,919)	(883,759)	(583,418)
General Administrative Services	(497,075)	(467,948)	(416,945)	(490,816)	(1,050,945)	(1,091,357)	(1,026,429)	(1,684,937)
Central	(364,617)	(384,990)	(378,974)	(456,858)				
Plant Operations & Maintenance	(2,021,320)	(2,102,121)	(2,258,458)	(1,918,213)	(2,185,356)	(1,933,749)	(1,338,798)	(1,236,553)
Administrative Information Technology	(294,576)	(244,183)	(229,763)	(220,306)				
Pupil Transportation	(2,462,358)	(2,712,275)	(2,572,966)	(3,577,126)	(2,902,349)	(2,358,584)	(2,204,923)	(2,084,961)
Unallocated Employee Benefits	(5,313,796)	(5,190,250)	(5,255,428)					
Special Schools	(107,846)	(103,760)	(102,739)	(102,997)	(102,340)	(81,956)	(59,010)	(48,342)
Interest on Long-Term Debt	(1,905,129)	(1,936,173)	(2,099,116)	(1,747,059)	(1,443,627)	(2,051,793)	(644,518)	(523,570)
Unallocated Change in Compensated Absences	2,925	41,590	(70,510)					
Unallocated Amortization of Bond Costs & Losses	(\$79,871)	(79,870)	(36,138)					
Unallocated Depreciation	(1,424,865)	(1,460,545)	(1,755,822)	(696,228)	(747)	(13,560)	(362,961)	(351,999)
Total Governmental Activities Expenses	(\$36,702,834)	(36,790,042)	(36,025,108)	(32,714,625)	(29,835,016)	(27,273,198)	(24,411,173)	(21,777,433)
Business-Type Activities:								
Food Service	(563,584)	(548,871)	(556,341)	(513,112)	(503,194)	(466,744)	(453,430)	(428,672)
Performing Arts Center	(78,238)	(51,963)	(11,351)					
Mast Program			(10,338)	(30,490)	(32,511)	(28,280)	(31,127)	(28,620)
Total Business-Type Activities Expense	(641,822)	(600,834)	(578,030)	(543,602)	(535,705)	(495,024)	(484,557)	(457,292)
Total District Expenses	(\$37,344,656)	(37,390,876)	(36,603,138)	(33,258,227)	(30,370,721)	(27,768,222)	(24,895,730)	(22,234,725)

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:								
Charges for Services:								
Pupil Transportation	83,264	296,306		65,752	56,508	49,317	70,275	36,935
Special Schools	\$38,381	33,200	37,026	68,624	62,936	67,645	64,655	40,604
Operating Grants & Contributions	640,918	563,567	509,692	1,179,606	1,185,409	1,053,242	1,140,948	1,012,135
Capital Grants & Contributions					5,226,251	865,814		20,748
Total Governmental Activities								
Program Revenues	762,563	893,073	546,718	1,313,982	6,531,104	2,036,018	1,275,878	1,110,422
Business-Type Activities:								
Charges for Services:								
Food Service	454,030	469,661	468,862	451,864	472,645	407,717	391,723	371,745
Performing Arts Center	130,037	100,624	57,795					
Mast Program			9,995	45,975	42,713	40,287	35,361	41,366
Operating Grants & Contributions	89,838	71,046	81,552	66,669	54,641	50,132	57,684	49,797
Total Business Type Activities Program Revenues	673,905	641,331	618,204	564,508	569,999	498,136	484,768	462,908
Total District Program Revenues	\$1,436,468	1,534,404	1,164,922	1,878,490	7,101,103	2,534,154	1,760,646	1,573,330
Net/(Expense)/Revenue:								
Governmental Activities	(\$35,940,271)	(35,896,969)	(35,478,390)	(31,400,643)	(23,303,912)	(25,237,180)	(23,135,295)	(20,667,011)
Business-Type Activities	32,083	40,497	40,174	20,906	34,294	3,112	211	5,616
Total District-Wide Net Expenses	(\$35,908,188)	(35,856,472)	(35,438,216)	(31,379,737)	(23,269,618)	(25,234,068)	(23,135,084)	(20,661,395)

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues & Other Changes in Net Assets:								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$25,313,031	25,228,280	24,916,217	21,988,746	20,068,800	18,604,685	17,977,040	15,806,772
Taxes Levied for Debt Service	3,189,693	2,621,792	2,614,471	2,196,773	3,176,100	1,166,219	531,324	1,154,492
Unrestricted Grants & Contributions	6,933,729	6,705,063	6,763,325	5,795,394	5,188,878	5,016,981	4,870,749	4,424,724
Investment Earnings			4,082	727,302	1,168,392	663,157	51,450	59,660
Miscellaneous Income	968,461	536,918	975,398	357,620	278,893	272,467	307,515	403,107
Total Governmental Activities	<u>36,404,914</u>	<u>35,092,053</u>	<u>35,273,493</u>	<u>31,065,835</u>	<u>29,881,063</u>	<u>25,723,509</u>	<u>23,738,078</u>	<u>21,848,755</u>
Business-Type Activities:								
Miscellaneous Income	167,666							
Interest Earnings	1,150	832	1,845					
Total Business-Type Activities	<u>168,816</u>	<u>832</u>	<u>1,845</u>					
Total District-Wide	<u>\$36,573,730</u>	<u>35,092,885</u>	<u>35,275,338</u>	<u>31,065,835</u>	<u>29,881,063</u>	<u>25,723,509</u>	<u>23,738,078</u>	<u>21,848,755</u>
Change in Net Assets:								
Governmental Activities	\$464,643	(804,916)	(204,897)	(334,808)	6,577,151	486,329	602,783	1,181,744
Business-Type Activities	200,899	41,329	42,019	20,906	34,294	3,112	211	5,616
Total District	<u>\$665,542</u>	<u>(763,587)</u>	<u>(162,878)</u>	<u>(313,902)</u>	<u>6,611,445</u>	<u>489,441</u>	<u>602,994</u>	<u>1,187,360</u>

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

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:								
Reserved	\$364,712	43,886	229,320	174,451	1,406,927	1,862,868	1,162,531	1,100,002
Unreserved	206,747	94,744	272,146	(92,128)	(381,193)	80,778	618,495	401,162
Total General Fund	\$571,459	138,630	501,466	82,323	1,025,734	1,943,646	1,781,026	1,501,164
All Other Governmental Funds:								
Reserved	\$100,455	74,215	659,059	2,766,472	13,928,737	33,514,163	2,759,500	118,249
Unreserved, Reported in:								
Capital Projects Fund	318,113	424,053	409,209	1,945,802	4,090,593	(281,834)	(2,029,520)	39,640
Debt Service Fund	22,513	22,073	529,229	907,763	1,161,273	619,853	53,804	267,266
Total All Other Governmental Funds	\$441,081	520,341	1,597,497	5,620,037	19,180,603	33,852,182	783,784	425,155

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Local Tax Levy	\$28,502,724	27,850,072	27,530,688	24,185,519	23,244,900	19,770,895	18,508,364	16,961,264	14,616,071	12,883,853
Interest Earnings			4,082	727,302	197,189					
Miscellaneous	1,068,213	866,424	1,012,424	491,996	398,336	467,944	493,895	408,385	404,546	414,054
State Sources	6,537,666	6,797,150	6,837,994	6,494,711	11,142,143	5,713,037	5,643,490	5,135,964	5,000,026	4,893,698
Federal Sources	1,036,981	471,480	435,023	480,289	458,395	357,186	368,207	300,894	350,152	275,935
Total Revenue	37,145,584	35,985,126	35,820,211	32,379,817	35,440,963	26,309,062	25,013,956	22,806,507	20,370,795	18,467,540
Expenditures:										
Instruction:										
Regular	6,153,797	6,537,407	6,335,433	6,327,714	6,107,550	5,642,575	5,273,095	4,530,850	4,379,555	4,182,841
Special	1,664,162	1,561,053	1,507,700	1,516,514	1,352,097	1,367,501	1,262,540	1,108,505	930,902	833,817
Other	354,077	359,587	380,523	336,806	319,703	272,824	114,077	128,053	49,120	46,254
School-Sponsored/Other										
Instructional	142,167	147,554	141,185	141,238	146,271	140,691	95,113	11,700	83,787	65,398
Undistributed:										
Instruction	10,880,256	10,319,542	9,570,884	8,948,790	8,562,012	7,269,435	6,885,773	6,070,812	5,736,600	4,768,889
Support Services - Students	1,630,808	1,795,462	1,636,439	1,597,337	1,468,018	1,133,465	1,023,827	983,049	800,799	777,532
Support Services -										
Instructional Staff				206,666	256,401	394,975	395,770	439,017	387,187	313,191
General Administration	497,075	467,948	416,945	418,444		490,956	569,743	649,845	499,509	416,258
School Administrative Services	768,121	865,345	766,393	680,409	717,289	698,915	687,673	619,645	486,076	420,945
Central Services	364,617	384,990	378,974	380,950	388,315					
Administrative Information										
Technology	294,576	244,183	229,763	189,943	86,534					
Plant Operations &										
Maintenance	2,020,459	2,102,121	2,258,458	1,651,297	1,508,809	1,288,730	1,141,932	1,055,851	957,515	926,070
Pupil Transportation	2,626,120	2,860,831	2,763,488	2,353,444	1,985,793	1,797,451	1,655,350	1,643,386	1,687,462	1,612,966
Business & Other Support Services:										
Employee Benefits	4,045,519	3,950,789	3,724,119	3,526,281	3,193,473	2,885,099	2,450,308	2,083,621	1,844,092	1,545,289
Other					135,449	426,473	338,425	297,055	239,087	222,705
On-Behalf TPAF Pension										
Contributions	604,315	582,477	879,647	868,763	320,685	227,482	230,767	157,862		75,582
Reimbursed TPAF FICA										
Contributions	663,962	656,984	651,662	612,398	592,924	565,422	554,647	481,898	449,443	424,155

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Expenditures (continued):										
Special Schools	107,846	103,760	102,739	102,997	86,353	75,784	53,617	44,302	44,632	31,683
Capital Outlay	309,358	607,657	4,081,727	13,946,759	377,932	370,858	960,068	212,961	78,080	369,455
Special Revenue	647,125	563,567	573,806				507,052	411,365	404,283	344,473
Debt Service:										
Principal	1,490,000	1,355,000	1,200,000	1,043,820	830,000	755,000	255,000	600,000	570,000	545,000
Interest & Other Charges	1,905,041	1,958,861	2,016,637	2,127,434	2,989,817	597,223	679,751	522,328	776,841	802,618
Total Expenditures	37,169,401	37,425,118	39,616,522	46,978,004	31,425,425	26,400,859	25,134,528	22,052,105	20,404,970	18,725,121
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(23,817)	(1,439,992)	(3,796,311)	(14,598,187)	4,015,538	(91,797)	(120,572)	754,402	(34,175)	(257,581)
Other Financing Sources/(Uses):										
Capital Leases	220,375		192,913	94,211	292,500	170,645	186,969			
Bonds Proceeds				9,960,000	9,800,000	4,694,286				
Repayment of Bond Escrow				(9,827,440)	(9,651,851)	(4,593,542)				
Cost of Issuance				(132,560)	(148,149)	(61,152)				
Cancelled Prior Year Liabilities	21,893									
Transfers In	135,128		18,281	476,653	971,203	624,282	4,766			
Transfers Out	(10)		(18,281)	(476,653)						
Total Other Financing Sources/ (Uses)	377,386		192,913	94,211	1,263,703	834,519	191,735			
Net Change in Fund Balances	\$353,569	(1,439,992)	(3,603,398)	(14,503,976)	5,279,241	742,722	71,163	754,402	(34,175)	(257,581)
Debt Service as a Percentage of Noncapital Expenditures	5.13%	5.23%	5.09%	4.53%	9.51%	2.26%	2.70%	2.37%	3.81%	4.29%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

FISCAL YEAR ENDED JUNE 30,	TRANSPORTATION	TUITION	INTEREST ON INVESTMENTS	RECREATION FEES	REIMBURSEMENTS	VEHICLE MAINTENANCE	MILLSTONE TOWNSHIP	EMPLOYEE	PRIOR	COMMUNITY		TOTAL	
								HEALTH BENEFITS	YEAR REFUNDS	RENTALS	SCHOOL FEES		MISCELLANEOUS
2010	1,768	356,184	17,128	68,500				138,244	28,623		69,867	278,427	958,741
2009		296,306	82,166	39,775				127,834	2,625		65,680	183,482	797,868
2008		37,026	202,452	40,375				112,622	17,995		67,009	368,076	845,555
2007	65,752		208,592					95,619	6,382		68,624	140,135	585,104
2006	51,690		182,518					70,311	21,058		62,936	75,114	463,627
2005	49,317		73,536					133,949	11,229		67,645	85,902	421,578
2004	70,275		51,238					125,704	71,805		64,655	43,549	427,226
2003	36,935		58,055				16,886	170,567	750		40,604	72,015	395,812
2002	12,900		83,406		1,762	37,143	11,000	143,369	5,587	1,890	45,109	24,557	366,723
2001	8,880	1,251	179,278		12,679	36,328	20,128	91,066	19,013	1,100	33,609	7,442	410,774

Source: District Records

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

YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2010	\$46,220,600	1,552,680,700	87,965,200	4,476,800	67,269,200	4,659,100		1,763,271,600	11,089,083	1,774,360,683	1.619	2,064,305,736
2009	38,030,500	1,233,242,800	72,632,400	4,031,600	52,893,500	3,870,700		1,404,701,500	4,679,322	1,409,380,822	2.022	2,122,635,950
2008	39,196,900	1,226,606,600	71,547,300	4,201,200	49,961,900	3,925,900		1,395,439,800	3,968,458	1,399,408,258	1.990	2,162,741,595
2007	41,914,200	1,210,892,100	70,671,100	4,262,400	49,327,600	3,925,900		1,380,993,300	2,078,739	1,383,072,039	1.991	2,057,340,295
2006	45,338,200	1,186,809,300	69,915,400	4,277,900	45,988,000	3,925,900		1,356,254,700	2,157,058	1,358,411,758	1.780	1,848,549,781
2005	48,970,300	1,149,034,100	68,948,200	4,438,400	44,217,200	3,925,900		1,319,534,100	2,490,053	1,322,024,153	1.759	1,616,218,439
2004	56,366,400	1,088,924,300	68,599,200	4,558,900	42,286,000	3,925,900		1,264,660,700	2,580,140	1,267,240,840	1.560	1,389,855,956
2003	59,068,600	1,052,865,400	67,538,300	4,790,900	40,924,100	3,925,900		1,229,113,200	2,949,647	1,232,062,847	1.502	1,228,560,135
2002	65,016,500	1,005,943,700	66,915,400	4,858,900	38,405,700	3,925,900	1,760,600	1,186,826,700	2,862,900	1,189,689,600	1.426	1,073,112,271
2001	40,562,300	648,598,200	45,894,100	5,007,000	28,724,900	2,860,100	1,411,600	773,058,200	2,186,150	775,244,350	1.885	951,756,226

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

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT SCHOOL TAX RATE	MILLSTONE	MONMOUTH	
				TOWNSHIP	COUNTY	
2010	1.439	0.180	1.619	0.146	0.321	2.086
2009	1.832	0.190	2.022	0.158	0.395	2.575
2008	1.803	0.187	1.990	0.158	0.400	2.548
2007	1.749	0.242	1.991	0.140	0.411	2.542
2006	1.518	0.240	1.758	0.140	0.415	2.313
2005	1.468	0.092	1.560	0.120	0.416	2.096
2004	1.459	0.043	1.502	0.085	0.421	2.008
2003	1.329	0.097	1.426	0.100	0.402	1.928
2002	1.740	0.150	1.890	0.201	0.578	2.669
2001	1.630	0.130	1.760	0.201	0.535	2.496

Source: Municipal Tax Collector

EXHIBIT J-8 NOT AVAILABLE

EXHIBIT J-9

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

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	
2010	\$28,502,724	28,502,724	100.00%	-
2009	27,850,072	27,850,072	100.00%	-
2008	27,530,688	27,530,688	100.00%	-
2007	24,185,519	24,185,519	100.00%	-
2006	23,244,900	23,244,900	100.00%	-
2005	19,770,895	19,770,895	100.00%	-
2004	18,508,364	18,508,364	100.00%	-
2003	16,961,264	16,961,264	100.00%	-
2002	14,616,071	14,616,071	100.00%	-
2001	12,883,853	12,883,853	100.00%	-

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

EXHIBIT J-10

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

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL DISTRICT		
2010	\$43,115,000	303,070	43,418,070	N/A	N/A
2009	44,605,000	246,457	44,851,457	N/A	N/A
2008	45,960,000	395,013	46,355,013	N/A	4,544.16
2007	47,160,000	392,623	47,552,623	8.51%	4,661.11
2006	47,807,000	461,040	48,268,040	9.22%	4,744.72
2005	47,957,000	278,583	48,235,583	9.98%	4,760.25
2004	14,092,000	299,181	14,391,181	3.15%	1,449.99
2003	14,347,000	262,736	14,609,736	3.52%	1,512.08
2002	14,492,000	370,827	14,862,827	3.68%	1,576.12
2001	15,062,000	567,828	15,629,828	3.90%	1,694.66

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2010	\$43,115,000	-	43,115,000	2.43%	N/A
2009	44,605,000	-	44,605,000	3.23%	N/A
2008	45,960,000	-	45,960,000	3.38%	4,505.44
2007	47,160,000	-	47,160,000	3.41%	4,622.62
2006	47,807,000	-	47,807,000	3.52%	4,699.40
2005	47,957,000	-	47,957,000	3.63%	4,732.75
2004	14,092,000	-	14,092,000	1.11%	1,419.85
2003	14,347,000	-	14,347,000	1.16%	1,484.89
2002	14,492,000	-	14,492,000	1.22%	1,536.80
2001	15,062,000	-	15,062,000	1.94%	1,633.09

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Millstone Township	21,249,389	100.000%	\$21,249,389
Monmouth County General Obligation Debt	510,047,018	1.642%	<u>8,373,707</u>
Subtotal, Overlapping Debt			29,623,096
Millstone Township Board of Education			<u>43,115,000</u>
Total Direct & Overlapping Debt			<u><u>\$72,738,096</u></u>

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

Debt outstanding data provided by each governmental unit.

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

YEAR	POPULATION	PERSONAL INCOME	MONMOUTH COUNTY	UNEMPLOYMENT RATE
			PER CAPITA INCOME	
2010	10,382	N/A	N/A	3.70%
2009	10,223	N/A	56,755	N/A
2008	10,201	N/A	55,826	2.20%
2007	10,202	535,594,798	52,499	1.70%
2006	10,173	489,036,456	48,072	1.90%
2005	10,133	471,640,485	46,545	1.80%
2004	9,925	433,067,450	43,634	2.00%
2003	9,662	419,205,194	43,387	2.40%
2002	9,430	413,628,090	43,863	2.30%
2001	9,223	398,073,903	43,161	1.60%

Source: NJ Dept of Labor and Workforce Development

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

	2010	2001
	EMPLOYEES	EMPLOYEES
Millstone Board of Education	266	191
Total	266	191

Source: Monmouth County Economic Development

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

Function/Program	2010	2009	2008	2007	2006	2005
Instruction:						
Regular	103	108	110	110	105	104
Special Education	39	39	39	40	34	38
Other Special Education	4	4	4	9	9	8
Support Services:						
Student & Instruction Related Services	36	36	36	35	36	34
General Administration	5	5	5	3	3	3
School Administrative Services	14	15	15	14	10	10
Central Services	6	6	6	5	5	5
Plant Operations & Maintenance	21	21	23	15	15	13
Pupil Transportation	36	43	44	43	44	44
Other Support Services VA			2	1	1	1
Special School	1	1	1	1	1	1
Food Service	1	1	1	2	2	2
Total	266	279	286	278	265	263

Source: District Personnel Records

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

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FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL				
2010	1,580	\$33,357,156	21,112	3.48%	121	13/1	13/1	1,574.38	1,524.04	-2.94%	96.8%
2009	1,637	33,399,840	20,403	4.75%	148	13/1	12/1	1,622.10	1,545.20	-2.34%	95.3%
2008	1,654	32,215,419	19,477	9.45%	135	13/1	12/1	1,660.90	1,595.59	-1.55%	96.1%
2007	1,678	29,859,993	17,795	9.82%	135	13/1	12/1	1,687.00	1,606.00	-3.10%	95.2%
2006	1,731	28,049,140	16,204	10.68%	134	13/1	13/1	1,741.00	1,670.73	1.27%	96.0%
2005	1,711	25,048,637	14,640	3.02%	124	14/1	14/1	1,719.20	1,635.30	2.00%	95.1%
2004	1,703	24,199,775	14,210	12.03%	118	14/1	14/1	1,685.50	1,607.30	1.13%	95.4%
2003	1,650	20,929,776	12,685	5.01%	107	15/1	15/1	1,666.70	1,594.40	5.40%	95.7%
2002	1,578	19,062,217	12,080	6.01%	100	16/1	16/1	1,581.30	1,506.40	3.69%	95.3%
2001	1,525	17,377,503	11,395	8.29%	96	16/1	16/1	1,525.10	1,455.90	1.11%	95.5%

Sources: District records

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

DISTRICT BUILDINGS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Primary Schools:										
Millstone Primary (1995):										
Square Feet	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000
Capacity (Students)	645	645	645	597	597	597	597	597	597	597
Enrollment	452	468	480	890	890	903	918	888	885	871
Elementary School:										
Millstone Elementary (1958/1987/1999):										
Square Feet	59,495	59,495	59,495	59,495	59,495	59,495	59,495	59,495	59,495	59,495
Capacity (Students)	592	592	592	407	407	407	407	407	407	407
Enrollment	521	560	551	841	841	808	785	762	693	621
Middle School:										
Millstone Middle (2007):										
Square Feet	167,536	167,536	167,536	N/A						
Capacity (Students)	650	650	650	N/A						
Enrollment	608	609	623	N/A						
Central Administration (1989)										
Square Feet	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120

Number of Schools at June 30, 2010:

- Primary = 1
- Elementary = 1
- Middle School = 1
- Other = 1

Source: District Facilities Office

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

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

SCHOOL FACILITIES	PROJECT #	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Millstone Primary	N/A	\$91,080	97,283	107,821	244,896	122,069	108,363	84,753	49,827	48,994	35,844
Millstone Elementary	N/A	66,085	70,586	78,229	194,335	70,837	59,169	64,902	37,083	36,943	37,950
Millstone Middle	N/A	186,086	198,759	220,290	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total		\$343,251	366,628	406,340	439,231	192,906	167,532	149,655	86,910	85,937	73,794

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

Source: District records

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2010**

	COVERAGE	DEDUCTIBLE
School Package Policy (1):		
Building & Contents (All Locations)	\$71,636,513	1,000
Boiler & Machinery	71,636,513	1,000
General Automobile Liability	1,000,000	
School Board Legal Liability (3)	10,000,000	15,000
Employers Liability	1,000,000	
Garage	5,000,000	
Umbrella Liability:		
Umbrella (1)	10,000,000	
Umbrella "CAP" (2)	50,000,000	
Workers' Compensation (3)	2,000,000	
Supplementary Workers' Compensation (6)	1,750 Per Week	
Student Accident Insurance (4)	1,000,000	
Surety Bonds:		
Treasurer (5)	251,000	
Board Secretary/Business Administrator (5)	10,000	

- (1) Utica Mutual
- (2) Firemen's Fund
- (3) New Jersey School Boards Insurance Group
- (4) Groseclose
- (5) Selective
- (6) Chugg

Source: District records.

SINGLE AUDIT SECTION



Certified Public Accountants & Consultants

EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Millstone Township School District
County of Monmouth
Millstone Township, New Jersey 08751

We have audited the basic financial statements of the Millstone Township School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated September 24, 2010. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Millstone Township School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting that are reported as Finding No. 2010-02. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Millstone Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey that we have reported to the Millstone Township Board of Education in the accompanying schedule of findings and questioned costs as Finding No.: 2010-02.

We noted certain matters that we reported to management in a separate *Independent Auditor's Management Report on Administrative Findings – Financial Compliance and Performance* dated September 24, 2010.

This report is intended solely for the information of the audit committee, management, the Millstone Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a long horizontal stroke extending to the right.

Rodney R. Haines
Certified Public Accountant
Public School Accountant
No. CR498

September 24, 2010
Medford, New Jersey



Certified Public Accountants & Consultants

EXHIBIT K-2

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members
of the Board of Education
Millstone Township School District
County of Monmouth
Millstone Township, New Jersey 08751

Compliance

We have audited the compliance of Board of Education of the Millstone Township School District, County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. Board of Education of the Millstone Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Board of Education of the Millstone Township School District's management. Our responsibility is to express an opinion on Board of Education of the Millstone Township School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Millstone Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Millstone Township School District's compliance with those requirements.

In our opinion, the Board of Education of the Millstone Township School District, County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

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Internal Control Over Compliance

The management of the Millstone Township School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Millstone Township School District's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Millstone Township School District's internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Millstone Township School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Millstone Township School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the management of the Board of Education of the Millstone Township School District, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Rodney R. Haines
Certified Public Accountant
Public School Accountant
No. CR498

September 24, 2010
Medford, New Jersey

MILLSTONE TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2009	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2010	DUE TO GRANTOR AT JUNE 30, 2010
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
Food Distribution Program	10.550	\$26,970	7/1/09-6/30/10		26,970	(26,970)			
National School Lunch Program	10.555	53,986	7/1/09-6/30/10		48,397	(53,986)		(5,589)	
National School Lunch Program	10.555	44,254	7/1/08-6/30/09	(\$8,643)	8,643				
Special Milk Program	10.556	3,420	7/1/09-6/30/10		3,307	(3,420)		(113)	
Special Milk Program	10.556	1,158	7/1/08-6/30/09	(270)	270				
Total U.S. Department of Agriculture				(8,913)	87,587	(84,376)		(5,702)	
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
General Fund:									
ARRA - SFSF- ESF (Educ. State Grants)	84.394	489,316	9/1/09-8/31/10		489,316	(489,316)			
ARRA - SFSF- GSF (Government Services)	84.397	18,942	9/1/09-8/31/10		18,942	(18,942)			
Total General Fund					508,258	(508,258)			
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
Improving America's School Act amended by No Child Left Behind:									
Title II - Part A	84.367A	30,610	9/1/09-8/30/10			(14,723)		(14,723)	
Title II - Part A	84.367A	30,729	9/1/08-8/30/09	(13,302)	13,302	(17,427)		(17,427)	
Title IV	84.186A	2,296	9/1/09-8/30/10			(2,330)		(2,330)	
Title IV	84.186A	2,474	9/1/08-8/30/09	(2,433)				(2,433)	
Title IV - Carryover	84.186A	3,229	9/1/06-8/30/07	81			(81)		162
Title IV - Summer	84.186A	3,730	9/1/05-8/30/06	364			(364)		728
Title V - Carryover	84.298A	2,343	9/1/06-8/30/07	2,558			(2,558)		5,116
I.D.E.A. - Part B - Basic	84.027	393,542	9/1/09-8/30/10			(321,709)		(321,709)	
I.D.E.A. - Part B - Basic	84.027	398,775	9/1/08-8/30/09	(237,897)	254,332	(49,363)		(32,928)	
I.D.E.A. - Part B - Recovery Act	84.391	462,297	9/1/09-8/31/11			(150,488)		(150,488)	
I.D.E.A. Preschool	84.173	13,238	9/1/08-8/30/09	(3,256)	3,256				
Total U.S. Department of Education				(253,885)	270,890	(556,040)	(3,003)	(542,038)	6,006
Total Federal Financial Assistance				(262,798)	866,735	(1,148,674)	(3,003)	(547,740)	6,006

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MILLSTONE TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT		BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2010	DUE TO GRANTOR JUNE 30, 2010	MEMO	
				JUNE 30, 2009	CASH RECEIVED				BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:										
Equalization Aid	10-495-034-5120-078	\$2,292,896	7/1/09-6/30/10		2,292,896	(2,292,896)			86,172	2,292,896
Transportation Aid	10-495-034-5120-014	1,166,200	7/1/09-6/30/10		1,166,200	(1,166,200)			197,722	1,166,200
Special Education Aid	10-495-034-5120-089	1,244,609	7/1/09-6/30/10		1,244,609	(1,244,609)			211,016	1,244,609
Security Aid	10-495-034-5120-084	164,890	7/1/09-6/30/10		164,890	(164,890)			27,957	164,890
Extraordinary Aid	10-495-034-5120-044	188,766	7/1/09-6/30/10			(188,766)	(188,766)			188,766
Extraordinary Aid	09-495-034-5120-044	204,634	7/1/08-6/30/09	(\$204,634)	204,634					
Reimbursed Nonpublic Transportation Aid	10-100-034-5120-014	40,091	7/1/09-6/30/10			(40,091)	(40,091)			40,091
Reimbursed Nonpublic Transportation Aid On-Behalf TPAF OPEB (Post Retirement Medical) Contributions	10-100-034-5095-001	30,550	7/1/09-6/30/10		30,550	(30,550)				30,550
On-Behalf TPAF Pension Contribution	10-100-034-5095-116	573,765	7/1/09-6/30/10		573,765	(573,765)				573,765
Reimbursement TPAF Social Security Contributions	10-100-034-5095-051	663,962	7/1/09-6/30/10		630,955	(663,962)	(33,007)			663,962
Reimbursement TPAF Social Security Contributions	09-100-034-5095-002	656,984	7/1/08-6/30/09	(34,061)	34,061					
Total General Fund				(306,299)	6,410,164	(6,365,729)	(261,864)		522,867	6,365,729
Special Revenue Fund:										
Nonpublic Textbook	10-100-034-5120-064	1,042	7/1/09-6/30/10		1,042			1,042		
Nonpublic Nursing Services	10-100-034-5120-070	1,235	7/1/09-6/30/10		1,235	(734)		501		734
Nonpublic Handicapped Services	10-100-034-5120-066	4,022	7/1/09-6/30/10		4,022	(732)		3,290		732
Nonpublic Compensatory Education	10-100-034-5120-067	1,919	7/1/09-6/30/10		1,919	(1,919)				1,919
Nonpublic Supplementary Instruction	10-100-034-5120-066	2,787	7/1/09-6/30/10		2,787	(2,787)				2,787
Nonpublic Corrective Speech	10-100-034-5120-066	1,793	7/1/09-6/30/10		1,793	(1,793)				1,793
Nonpublic Auxiliary Services	10-100-034-5120-067	979	7/1/09-6/30/10		979	(979)				979
Total Special Revenue Fund					13,777	(8,944)		4,833		8,944
Capital Projects Fund:										
NJSCC - Renovations Middle	SP#-40042000	780,917	4/1/04-	(328,766)			(328,766)			408,662
NJSCC - New Middle School	SP#-ND1041000	5,329,038	4/1/04-	(1,039,172)			(1,039,172)			5,329,038
Total Special Revenue Fund				(1,367,938)			(1,367,938)			5,737,700
Debt Service Fund:										
Debt Service Aid Type II	10-100-034-5120-125	183,881	7/1/09-6/30/10		183,881	(183,881)				183,881
State Department of Agriculture:										
Enterprise Fund:										
School Lunch Program (State Share)	10-100-010-3360-067	5,462	7/1/09-6/30/10		4,897	(5,462)	(565)			5,462
School Lunch Program (State Share)	09-100-010-3360-067	5,418	7/1/08-6/30/09	(1,011)	1,011					
Total Enterprise Fund				(1,011)	5,908	(5,462)	(565)			5,462
Total State Financial Assistance				(\$1,675,248)	6,613,730	(6,564,016)	(1,630,367)	4,833	522,867	12,301,716

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010**

1. General

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

2. Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the District's basic financial statements.

3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$20,888) for the general fund and (\$27,317) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented as follows:

**MILLSTONE TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued)
FOR THE YEAR ENDED JUNE 30, 2010**

3. Relationship to Basic Financial Statements (continued):

	State	Federal	Total
General Fund	\$6,344,841	\$ 508,258	\$6,853,099
Special Revenue Fund	8,944	528,723	537,667
Debt Service Fund	183,881		183,881
Enterprise Fund	5,462	84,376	89,838
Total Financial Assistance	<u>\$6,543,128</u>	<u>\$1,121,357</u>	<u>\$7,664,485</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

Note 6. Federal and State Loans Outstanding

The Millstone Township Board of Education had no loan balances outstanding at June 30, 2010.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to basic financial Statements noted?	No

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance With Section .510(a) of Circular A-133?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	I.D.E.A. – Part B
84.391	ARRA - I.D.E.A., Part B
84.394	ARRA – SFSF-ESF (Educ. State Grants)
84.397	ARRA – SFSF-GSF (Government Services)

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

Section I – Summary of Auditor’s Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04?	No

Identification of major programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-084	Security Aid
10-495-034-5120-014	Transportation Aid
10-495-034-5120-044	Extraordinary Aid
10-100-034-5095-051	Reimbursed TPAF Social Security Contributions

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

***Finding 2010-02:**

Criteria or Specific Requirement:

Districts must keep an accurate, up-to-date accounting of its capital assets and reconcile that subsidiary ledger to the District’s general ledger.

Condition:

During our testing of capital assets, it was noted that the District did not update and reconcile the capital asset ledger maintained by the District.

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

Section II – Financial Statement Findings (continued)

***Finding 2010-02 (continued):**

Context:

The audit report reflects the updated capital asset balances.

Effect:

This could lead to the District's financial statements being materially misstated.

Cause:

This was caused by the District failure to update the capital asset subsidiary ledger for fiscal year 2009.

Recommendation:

That the District update its capital assets subsidiary ledger and reconcile this to the District's general ledger.

Views of Responsible Officials and Planned Corrective Action:

The District will take appropriate measures to update and reconcile its capital asset ledger.

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

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

No Current Year Findings

**MILLSTONE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2010**

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

Finding 2009-02:

During our testing of capital assets, it was noted that the District did not update and reconcile the capital asset ledger maintained by the District.

Current Status:

This condition has not been corrected.

Finding 2009-03:

A signed tuition contract was not approved in the minutes to send the high school students out of the District.

Current Status:

This condition has been corrected.