

**MILLBURN TOWNSHIP
SCHOOL DISTRICT**

**Millburn Township School District
Millburn, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual
Financial Report**

of the

**Millburn Township School District
Board of Education**

Millburn, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

**Millburn Township School District
Board Office**

MILLBURN TOWNSHIP SCHOOL DISTRICT
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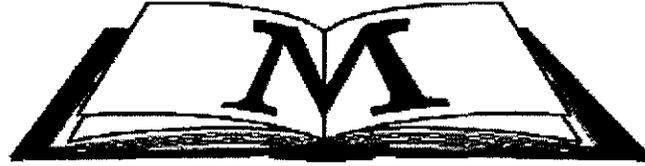
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INTRODUCTORY SECTION



Millburn Township Schools
434 MILLBURN AVENUE, MILLBURN, NJ 07041

Office of the Business Administrator
Telephone 973-376-3600 x156
FAX 973-376-2363

October 11, 2011

The Honorable President and Members of
the Board of Education
Millburn Township School District
County of Essex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Millburn Township School District (the "District") for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial statements, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The Millburn Township School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. Millburn Township encompasses Millburn and Short Hills. The Millburn Township School District and all its schools constitute the District's reporting entity.

The Honorable President and Members of
 the Board of Education
 Millburn Township School District
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The District provides a full range of educational services appropriate to grade levels PreK through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an average daily enrollment of 4,927 students which is 109 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2010-2011	4,927	2.26%
2009-2010	4,818	1.01%
2008-2009	4,770	2.16%
2007-2008	4,669	1.88%
2006-2007	4,583	0.22%

2) ECONOMIC CONDITION AND OUTLOOK: The Township's cash surplus at December 31, 2010 amounted to \$10,560,290. A systematic and active investment program has been followed; income earned from investments of the Township's surplus cash amounted to \$55,772 in 2010. The current tax rate is \$1.843 per one hundred dollars of assessed valuation and is one of the lowest of Essex County's twenty-two municipalities.

The Township is composed of two areas, the older area comprising the so-called center (Millburn) and the adjoining residential sections. To the north and west lies Short Hills with its own post office and railroad station, but still an integral part of the Township and comprising one of the finest residential areas in the nation. It is also home of one of the nation's premier shopping areas, The Mall at Short Hills.

The residential marketability is enhanced by the nationally recognized excellence of the Township's Public Schools and by the New Jersey Transit Direct Midtown rail line to Manhattan.

The Downtown area of Millburn is 96% occupied. The Downtown Millburn Development Alliance is an independent, non-profit corporation that has been very active in attracting new businesses and promoting existing areas. The organization sponsors special events including the Farmers Market and Country Fair. Some 770 businesses and 300 doctors, lawyers, and dentists are located in the Township.

3) MAJOR INITIATIVES: Board of Education Goals for FY 2010-2011

1. Prepare a QSAC District Improvement Plan, have it approved by the NJDOE, and then ensure that its various remedial actions are in place by March 31, 2011.
2. Conduct an extensive search for four key central office leadership team members (Assistant Superintendent for Curriculum and Instruction, School Business Administrator, Coordinator of Informational Technology and Coordinator of Human Resources), to include screening applicants, interviewing candidates and selecting the very best in terms of professional knowledge and fit with the leadership approach being fostered in Millburn, no later than January 1, 2011.

The Honorable President and Members of
the Board of Education
Millburn Township School District
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October 11, 2011

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2011.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) DEBT ADMINISTRATION:

At June 30, 2011, the District has \$47,324,000 of outstanding bonded debt.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.

The Honorable President and Members of
the Board of Education
Millburn Township School District
Page 4
October 11, 2011

10) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Millburn Township School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,



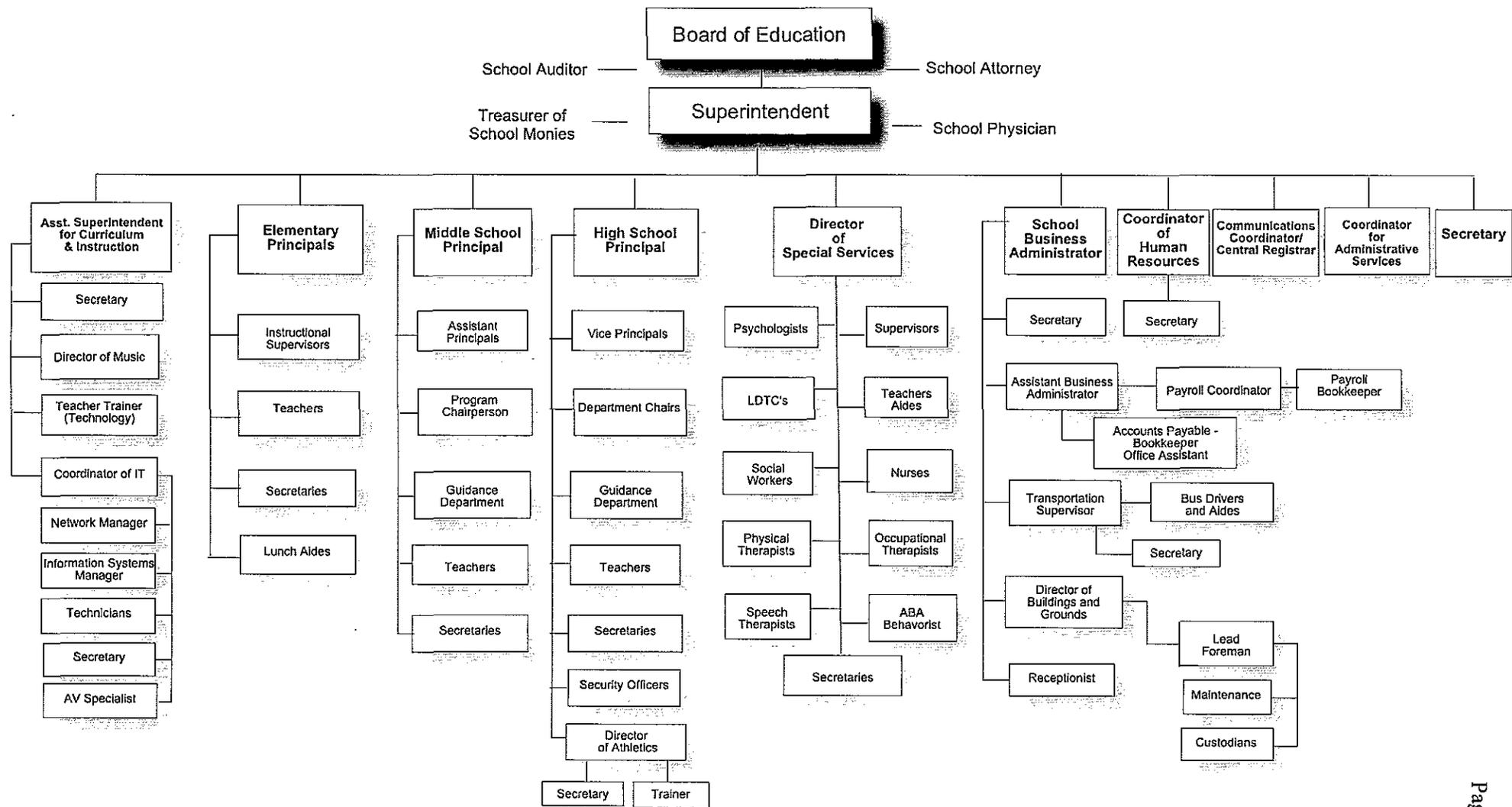
Dr. James A. Crisfield
Superintendent of Schools



J. Steven DiGeronimo
Business Administrator/Board Secretary

Millburn Township Schools

Organizational Chart 2010-2011



**MILLBURN TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Birnberg, President	2013
Eric S. Siegel, Vice President	2012
Lise P. Chapman	2013
Samuel D. Levy	2012
Jean M. Pasternak	2014
Reginal Truitt	2014
Jeffrey Waters	2014
Rona Wenik	2013
Mark J. Zucker	2012

Other OfficersTitle

Dr. James A. Crisfield	Superintendent of Schools
Dr. Christine Burton	Assistant Superintendent for Curriculum & Instruction
Robert L. Zeglarski	Interim Business Administrator/Board Secretary (7/1/10 to 10/15/10)
J. Steven DiGeronimo	Business Administrator/Board Secretary (from 10/18/10)
Cheryl Nardino	Treasurer
Rod Hara, Esq.	School Board Attorney
Paul Barger, Esq.	Special Education Attorney
Anthony P. Sciarrillo, Esq.	Labor Attorney
Athina L. Cornell, Esq.	Special Education Attorney (3/14/11 to 6/30/11)

MILLBURN TOWNSHIP BOARD OF EDUCATION

Consultants and Advisors

Architect

Heintz & Fiore
87 Woodland Road
Short Hills, NJ 07078

Audit Firm

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Athina Lekas Cornell, Esq.
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Official Depositories

Wells Fargo
379 Millburn Avenue
Millburn, NJ 07041

Bank of America
1125 Route 22 West
Bridgewater, NJ 08807

Cutwater Asset Management
120 Wood Avenue, Suite 300
Iselin, NJ 08830

New Jersey Asset & Rebate Management Program
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Princeton, NJ 08540

FINANCIAL SECTION



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 Mt. Arlington, NJ 07856
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Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Millburn Township School District
 County of Essex, New Jersey

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 Millburn Township School District (the "District") in the County of Essex as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education'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, 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 and Regulatory Compliance, 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 the 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 Millburn Township School District in the County of Essex as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal 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 October 11, 2011 on our consideration of the Board of Education of the Millburn Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Millburn Township School District
Page 2

The Management's Discussion and Analysis and Budgetary Comparison Information listed on Exhibits C-1 to C-3 and I-2 are 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 regarding the methods of measurement and presentation of the required 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 Board of Education of the Millburn Township School District's basic financial statements. The accompanying introductory section, supplementary schedules such as the combining and individual fund financial statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Nisivoccia, LLP

NISIVOCCLIA, LLP

October 11, 2011
Mount Arlington, New Jersey

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

This section of Millburn Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status is stable on a district wide basis, despite State Aid cuts in the current fiscal year.
- Overall revenue was \$84,380,702 during the fiscal year.
- Overall expenses were \$84,247,660 during the fiscal year.
- Enrollment in the District increased approximately 2.26% from the prior year.

Overview of the Financial Statements

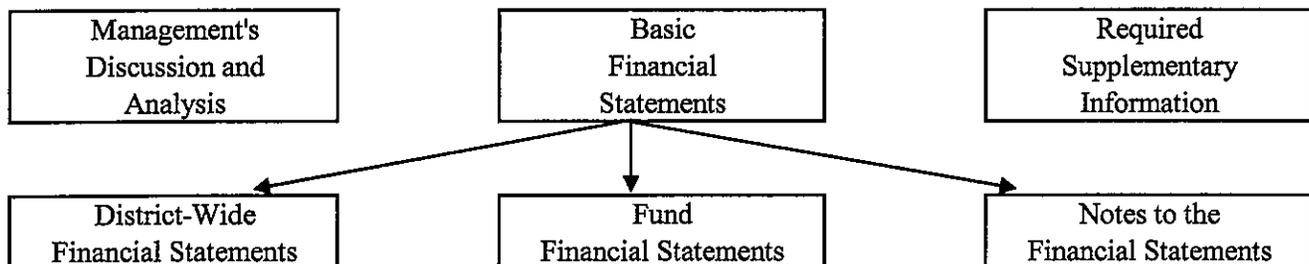
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report



**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and field rental/joint facilities	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

District-wide Statements

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

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

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

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

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

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Fund Financial Statements

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to Financial Statements:* Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets increased by \$133,042. Net assets from governmental activities increased by \$65,119 and net assets from business-type activities increased by \$67,923. Net assets invested in capital assets increased by \$1,831,860, restricted net assets decreased by \$670,202, and unrestricted net assets decreased by \$1,028,616.

**Figure A-3
Condensed Statement of Net Assets**

	Government Activities		Business-Type Activities		Total School District		Percentage Change 2010/11
	2010/11	2009/10*	2010/11	2009/10*	2010/11	2009/10*	
Current and							
Other Assets	\$ 13,964,798	\$ 15,240,956	\$ 468,031	\$ 310,601	\$ 14,432,829	\$ 15,551,557	-7.19%
Capital Assets	50,062,433	51,287,853	49,526	57,246	50,111,959	51,345,099	-2.40%
Total Assets	<u>64,027,231</u>	<u>66,528,809</u>	<u>517,557</u>	<u>367,847</u>	<u>64,544,788</u>	<u>66,896,656</u>	-3.52%
Long-Term Debt							
Outstanding	48,766,403	51,803,355			48,766,403	51,803,355	-5.86%
Other Liabilities	2,099,470	1,629,215	128,731	46,944	2,228,201	1,676,159	32.93%
Total Liabilities	<u>50,865,873</u>	<u>53,432,570</u>	<u>128,731</u>	<u>46,944</u>	<u>50,994,604</u>	<u>53,479,514</u>	4.87%
Net Assets:							
Invested (Deficit) in							
Capital Assets, Net							
of Related Debt	2,738,433	898,853	49,526	57,246	2,787,959	956,099	191.60%
Restricted	10,920,185	11,590,387			10,920,185	11,590,387	-5.78%
Unrestricted/(Deficit)	<u>(497,260)</u>	<u>606,999</u>	<u>339,300</u>	<u>263,657</u>	<u>(157,960)</u>	<u>870,656</u>	-118.14%
Total Net Assets	<u>\$ 13,161,358</u>	<u>\$ 13,096,239</u>	<u>\$ 388,826</u>	<u>\$ 320,903</u>	<u>\$ 13,550,184</u>	<u>\$ 13,417,142</u>	0.99%

* Restated

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Changes in Net Assets. The District's *combined* net assets were \$13,550,184 on June 30, 2011, an increase of \$133,042 or 0.99% over the previous year. (See Figure A-3). Net Assets Invested in Capital Assets increased due to the maturity of \$3,065,000 of serial bonds payable and \$549,185 in capital assets additions and \$1,782,325 in depreciation expense. Restricted net assets decreased by \$670,202 primarily due to a \$912,288 reduction in Capital Projects Fund balances as a result of further progress on construction projects and transfers to other funds, a \$587,775 decrease in excess surplus (above State mandated amounts) and a decrease of \$10,149 in the Debt Service Fund balance. These reductions were offset by increases of \$373,820 in General Fund year end encumbrances and an increase of \$466,190 in the Capital Reserve account. Unrestricted net assets decreased by \$1,028,616 primarily due to a net decrease in compensated absences of \$28,048 and decrease of \$1,126,774 in designated fund balance for subsequent year's expenditures versus the current year; offset by an increase in accrued interest of \$47,470 and a \$75,643 increase in unrestricted net assets in business-type activities.

**Figure A-4
Changes in Net Assets from Operating Results**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Percent Change</u>
	<u>2010/11</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2009/10</u>	
Revenue:							
Program Revenue:							
Charges for Services			\$ 700,897	\$ 595,098	\$ 700,897	\$ 595,098	17.78%
Operating Grants and Contributions	\$ 8,125,151	\$ 9,849,638	13,541	8,278	8,138,692	9,857,916	-17.44%
General Revenue:							
Property Taxes	74,660,430	73,699,288			74,660,430	73,699,288	1.30%
State and Federal Aid	288,891	537,235			288,891	537,235	-46.23%
Tuition Charges	479,353	305,093			479,353	305,093	57.12%
Other	112,270	114,073	169	91	112,439	114,164	-1.51%
Total Revenue	<u>83,666,095</u>	<u>84,505,327</u>	<u>714,607</u>	<u>603,467</u>	<u>84,380,702</u>	<u>85,108,794</u>	-0.86%
Expenses:							
Instruction	48,797,475	48,789,287			48,797,475	48,789,287	0.02%
Pupil & Instruction Services	15,026,611	16,051,232			15,026,611	16,051,232	-6.38%
Administrative & Business	7,457,976	6,933,246			7,457,976	6,933,246	7.57%
Maintenance & Operations	7,352,183	7,172,703			7,352,183	7,172,703	2.50%
Transportation	2,814,772	2,944,693			2,814,772	2,944,693	-4.41%
Capital Outlay	10,853	90,302			10,853	90,302	-87.98%
Other	2,142,070	2,202,024	645,720	587,075	2,787,790	2,789,099	-0.05%
Total Expenses	<u>83,601,940</u>	<u>84,183,487</u>	<u>645,720</u>	<u>587,075</u>	<u>84,247,660</u>	<u>84,770,562</u>	-0.62%
Residual Equity Transfer	964		(964)				
Disposal of Capital Assets				(12,138)		(12,138)	
Increase/(Decrease) in Net Assets	<u>\$ 65,119</u>	<u>\$ 321,840</u>	<u>\$ 67,923</u>	<u>\$ 4,254</u>	<u>\$ 133,042</u>	<u>\$ 326,094</u>	-59.20%

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Revenue Sources. The District's total revenue for the 2010/11 school year was \$84,380,702. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$74,660,430 of the total, or 88.48 percent. (See Figure A-5). Another 9.99 percent came from state and federal aid and the remainder from tuition, miscellaneous sources and charges for services.

**Figure A-5
Sources of Revenue for Fiscal Year 2011**

	<u>Amount</u>	<u>Percentage</u>
Sources of Income:		
Grants and Contributions	\$ 8,138,692	9.65%
Property Taxes	74,660,430	88.48%
Unrestricted Federal and State Aid	288,891	0.34%
Charges for Services	700,897	0.83%
Tuition	479,353	0.57%
Other	112,439	0.13%
	<u>\$ 84,380,702</u>	<u>100.00%</u>

The total cost of all programs and services was \$84,247,660. The District's expenses are predominantly related to Instructing and providing Pupil Services (75.76 percent) which decreased from 76.48 percent in 2009-2010. (See Figure A-6). Other significant cost areas include Administrative and Business activities (8.84 percent) and Maintenance and Operations (8.73 percent). The District operates seven schools, an education center/administration building and a maintenance building. Costs for Administration and Maintenance increased as a percentage of total expenses compared to fiscal year 2010-2011. It is important to note that expenses for the year include \$1,782,325 of depreciation expense attributable to its governmental and business-type activities.

**Figure A-6
Expenses for Fiscal Year 2011**

	<u>Amount</u>	<u>Percentage</u>
Expense Category:		
Instruction	\$ 48,797,475	57.92%
Pupil and Instruction Services	15,026,611	17.84%
Administrative and Business	7,457,976	8.84%
Maintenance and Operations	7,352,183	8.73%
Transportation	2,814,772	3.34%
Capital Outlay	10,853	0.02%
Other	2,787,790	3.31%
	<u>\$ 84,247,660</u>	<u>100.00%</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Governmental Activities

The financial position of the District remains stable. Maintaining existing programs while experiencing an increase in enrollment, combined with rising salary and benefits costs, places great demands on the District's resources.

The District continues to pursue and implement cost savings strategies in order to sustain its financial health. Some examples are:

- Participation in a cooperative purchasing program for district supplies.
- Shared service agreements with other public entities for busing services for special education students, athletics and field trips.
- Membership in purchasing cooperatives for purchases of energy and various types of insurance.
- Participation with the Township of Millburn in a Joint Facilities Committee for the maintenance of township and board owned athletic fields.
- The use of state contracts.
- The District is in the process of completing an advance refunding of the 2003 bond issue. The District anticipates a savings in excess of \$300,000. It should be noted that during the credit review required for this refunding, the District was notified that it had maintained its AAA credit rating.

The District will continue to examine its expenditures carefully as resources are impacted by State Aid cuts and pressure to reduce taxes. Demands for salary increases, small class sizes, and program maintenance and/or expansion will be evaluated thoroughly as the District prepares its budget for FY 2011-2012.

Figure A-7 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, capital outlay and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services <u>2010/11</u>	Net Cost of Services <u>2010/11</u>	Total Cost of Services <u>2009/10</u>	Net Cost of Services <u>2009/10</u>
Instruction	\$ 48,797,475	\$ 43,105,835	\$ 48,789,287	\$ 41,298,277
Pupil and Instruction Services	15,026,611	13,019,090	16,051,232	14,270,024
Administrative and Business	7,457,976	7,107,533	6,933,246	6,748,485
Maintenance and Operations	7,352,183	7,352,183	7,172,703	7,172,703
Transportation	2,814,772	2,739,225	2,944,693	2,552,034
Capital Outlay	10,853	10,853	90,302	90,302
Other	2,142,070	2,142,070	2,202,024	2,202,024
	<u>\$ 83,601,940</u>	<u>\$ 75,476,789</u>	<u>\$ 84,183,487</u>	<u>\$ 74,333,849</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Business-Type Activities

Net assets from the District's business-type activity increased by \$67,923. (Refer to Figure A-4).

- The increase in net assets was due primarily to District's increased student enrollment, which led to increased sales, while keeping expenses relatively stable from the prior year.

Financial Analysis of the District's Funds

The District's financial position remains relatively stable on a district wide basis despite difficult economic times. The weak economy and State budget problems have had a direct impact upon the District's revenue sources. Interest earnings on investments decreased significantly from previous years. Categorical State Aid has been eliminated for FY 2010-2011.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District will continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are due to:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2010/11	2009/10*	2010/11	2009/10*	2010/11	2009/10*	Change 2010/11
Sites	\$ 109,045	\$ 109,045			\$ 109,045	\$ 109,045	0.00%
Site Improvements	2,701,676	2,864,665			2,701,676	2,864,665	-5.69%
Buildings & Building Improvements	44,734,040	45,785,956			44,734,040	45,785,956	-2.30%
Machinery and Equipment	2,517,672	2,528,187	\$ 49,526	\$ 57,246	2,567,198	2,585,433	-0.71%
Total Capital Assets	\$50,062,433	\$51,287,853	\$ 49,526	\$ 57,246	\$50,111,959	\$51,345,099	-2.40%

* Restated

During the fiscal year, the District acquired or constructed \$549,185 in capital asset additions, and accrued \$1,782,325 in depreciation (\$1,774,605 its governmental activities and \$7,720 from its business-type activities).

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Long-term Debt

At year-end, the District had \$47,324,000 in general obligation bonds outstanding – a decrease of \$3,065,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

Outstanding Long-Term Debt

	Total School District		Percentage Change 2010/11
	2010/11	2009/10	
General Obligation Bonds (Financed with Property Taxes)	\$ 47,324,000	\$ 50,389,000	-6.08%
Other Long-Term Debt	1,442,403	1,414,355	1.98%
	<u>\$ 48,766,403</u>	<u>\$ 51,803,355</u>	-5.86%

The District continued to pay down its bonded debt, retiring \$3,065,000 of outstanding bonds and accruing an additional \$28,048 in compensated absences during the fiscal year.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- There are several staff members with many years of service in education. It is reasonable to expect some changes in the future. Those changes should be viewed as an opportunity to review resource allocation and structure.
- The contracts between the Board of Education and the District's three bargaining units expired on June 30, 2011. The Board of Education strives to negotiate a fair settlement with all groups while maintaining fiscal stability.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 434 Millburn Avenue, Millburn, New Jersey 07041.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 11,393,103	\$ 449,149	\$ 11,842,252
Receivables from State Government	1,121,598	78	1,121,676
Receivables from Federal Government	306,565	712	307,277
Receivables from Other Governments	44,069		44,069
Other Accounts Receivables		7,120	7,120
Inventories		10,972	10,972
Restricted Assets:			
Capital Reserve Account - Cash	1,099,463		1,099,463
Capital Assets, Net:			
Sites (Land)	109,045		109,045
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	49,953,388	49,526	50,002,914
Total Assets	<u>64,027,231</u>	<u>517,557</u>	<u>64,544,788</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	854,518	126,472	980,990
Accrued Interest Payable	879,485		879,485
Payable to State Government	33,065		33,065
Deferred Revenue	332,402	2,259	334,661
Noncurrent Liabilities:			
Due Within One Year	3,165,000		3,165,000
Due Beyond One Year	45,601,403		45,601,403
Total Liabilities	<u>50,865,873</u>	<u>128,731</u>	<u>50,994,604</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,738,433	49,526	2,787,959
Restricted for:			
Capital Projects	3,481,330		3,481,330
Debt Service	758,632		758,632
Other Purposes	6,680,223		6,680,223
Unrestricted/(Deficit)	<u>(497,260)</u>	<u>339,300</u>	<u>(157,960)</u>
Total Net Assets	<u>\$ 13,161,358</u>	<u>\$ 388,826</u>	<u>\$ 13,550,184</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 39,357,744		\$ 3,821,893	\$ (35,535,851)		\$ (35,535,851)
Special Education	6,636,844		1,717,963	(4,918,881)		(4,918,881)
Other Special Instruction	1,024,324			(1,024,324)		(1,024,324)
Other Instruction	1,778,563		151,784	(1,626,779)		(1,626,779)
Support Services:						
Tuition	1,795,136		487,979	(1,307,157)		(1,307,157)
Student and Instruction Related Services	13,231,475		1,519,542	(11,711,933)		(11,711,933)
General Administrative Services	1,045,625		30,134	(1,015,491)		(1,015,491)
School Administrative Services	4,242,723		291,292	(3,951,431)		(3,951,431)
Central Services	1,561,666		29,017	(1,532,649)		(1,532,649)
Administrative Information Technology	607,962			(607,962)		(607,962)
Plant Operations and Maintenance	7,352,183			(7,352,183)		(7,352,183)
Pupil Transportation	2,814,772		75,547	(2,739,225)		(2,739,225)
Unallocated Depreciation	53,260			(53,260)		(53,260)
Interest on Long-Term Debt	2,088,810			(2,088,810)		(2,088,810)
Capital Outlay	10,853			(10,853)		(10,853)
Total Governmental Activities	83,601,940		8,125,151	(75,476,789)		(75,476,789)
Business-Type Activities:						
Field Rental/Joint Facilities	69,846	\$ 69,358			\$ (488)	(488)
Food Service Fund	575,874	631,539	13,541		69,206	69,206
Total Business-Type Activities	645,720	700,897	13,541		68,718	68,718

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	<u>\$ 84,247,660</u>	<u>\$ 700,897</u>	<u>\$ 8,138,692</u>	\$ (75,476,789)	\$ 68,718	\$ (75,408,071)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				70,487,758		70,487,758
Taxes Levied for Debt Service				4,172,672		4,172,672
Federal, State and Local Aid not Restricted				288,891		288,891
Tuition				479,353		479,353
Interest Earnings				19,499	169	19,668
Miscellaneous Income				92,771		92,771
Residual Equity Transfer				964	(964)	
Total General Revenues				<u>75,541,908</u>	<u>(795)</u>	<u>75,541,113</u>
Change in Net Assets				65,119	67,923	133,042
Net Assets - Beginning (As Restated)				<u>13,096,239</u>	<u>320,903</u>	<u>13,417,142</u>
Net Assets - Ending				<u>\$ 13,161,358</u>	<u>\$ 388,826</u>	<u>\$ 13,550,184</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

MILLBURN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 9,436,823		\$ 1,199,325	\$ 756,955	\$ 11,393,103
Interfund Receivable	168,307			1,677	169,984
Receivables From State Government	918,541		203,057		1,121,598
Receivables From Federal Government	1,015	\$ 305,550			306,565
Receivables From Other Governments	44,069				44,069
Restricted Cash and Cash Equivalents	1,099,463				1,099,463
Total Assets	\$ 11,668,218	\$ 305,550	\$ 1,402,382	\$ 758,632	\$ 14,134,782
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 167,509	\$ 2,475		\$ 169,984
Accounts Payable	\$ 748,204	88,274	18,040		854,518
Payable to State Government		33,065			33,065
Deferred Revenue	315,700	16,702			332,402
Total Liabilities	1,063,904	305,550	20,515		1,389,969
Fund Balances:					
Restricted:					
Capital Reserve Account	2,099,463				2,099,463
Emergency Reserve	700,000				700,000
Excess Surplus - 2012-2013	2,298,313				2,298,313
Excess Surplus - Designated for 2011-2012	2,778,418				2,778,418
Capital Projects			1,365,782		1,365,782
Debt Service				758,632	758,632
Committed:					
Capital Projects			16,085		16,085
Assigned:					
Other Purposes	903,492				903,492
Designated for Subsequent Year's Expenditures	75,000				75,000
Unassigned	1,749,628				1,749,628
Total Fund Balances	10,604,314		1,381,867	758,632	12,744,813
Total Liabilities and Fund Balances	\$ 11,668,218	\$ 305,550	\$ 1,402,382	\$ 758,632	

Amounts reported for *Governmental Activities* in the Statement of Net Assets (Exhibit A-1) are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$77,327,330 and the accumulated depreciation is \$27,264,897.	50,062,433
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(879,485)
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.	(48,766,403)
Net Assets of Governmental Activities (Exhibit A-1)	\$ 13,161,358

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 70,487,758			\$ 4,172,672	\$ 74,660,430
Tuition from Other LEAs	344,740				344,740
Tuition from Individuals	134,613				134,613
Interest Earned on Capital Reserve Funds	1,640				1,640
Miscellaneous	108,953	\$ 106,575	\$ 1,677		217,205
Total - Local Sources	71,077,704	106,575	1,677	4,172,672	75,358,628
State Sources	6,556,760	158,430		263,766	6,978,956
Federal Sources		1,328,512			1,328,512
Total Revenues	77,634,464	1,593,517	1,677	4,436,438	83,666,096
EXPENDITURES:					
Current:					
Regular Instruction	28,001,915	234,872			28,236,787
Special Education Instruction	4,511,008	258,481			4,769,489
Other Special Instruction	1,025,731				1,025,731
School-Sponsored/Other Instruction	1,303,208				1,303,208
Support Services and Undistributed Costs:					
Tuition	1,307,157	487,979			1,795,136
Student/Other Instruction Related Services	8,834,682	612,185			9,446,867
General Administrative Services	878,662				878,662
School Administrative Services	3,137,921				3,137,921
Central Services	889,314				889,314
Administrative Information Technology	607,962				607,962
Plant Operations and Maintenance	5,720,833				5,720,833
Student Transportation	2,377,917				2,377,917
Unallocated Benefits	19,509,798				19,509,798
Capital Outlay	400,766		159,272		560,038
Debt Service:					
Principal				3,065,000	3,065,000
Interest and Other Charges				2,136,280	2,136,280
Total Expenditures	78,506,874	1,593,517	159,272	5,201,280	85,460,943
Deficit of Revenue Under Expenditures	(872,410)		(157,595)	(764,842)	(1,794,847)
Other Financing Sources/(Uses):					
Transfers			(754,693)	754,693	
Residual Equity Transfer - Family Science Fund	964				964
Total Other Financing Sources/(Uses)	964		(754,693)	754,693	964
Deficit of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(871,446)		(912,288)	(10,149)	(1,793,883)
Fund Balance - July 1	11,475,760		2,294,155	768,781	14,538,696
Fund Balance - June 30	\$ 10,604,314	\$ -0-	\$ 1,381,867	\$ 758,632	\$ 12,744,813

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

MILLBURN TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ (1,793,883)
Amounts reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.		
	Depreciation Expense	\$ (1,774,605)
	Capital Outlays	<u>549,185</u>
		(1,225,420)
In the Statement of Activities, interest on Long-Term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		47,470
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.		
		3,065,000
In the Statement of Activities, certain operating expenses, e.g., compensated absences 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(28,048)</u>
Change in Net Assets of Governmental Activities		<u>\$ 65,119</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 449,149
Intergovernmental Accounts Receivable:	
State	78
Federal	712
Other Accounts Receivable	7,120
Inventories	<u>10,972</u>
Total Current Assets	<u>468,031</u>
Non-Current Assets:	
Capital Assets	148,867
Less: Accumulated Depreciation	<u>(99,341)</u>
Total Non-Current Assets	<u>49,526</u>
Total Assets	<u>517,557</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	126,472
Deferred Revenue	<u>2,259</u>
Total Current Liabilities	<u>128,731</u>
<u>NET ASSETS:</u>	
Investment in Capital Assets Net of Related Debt	49,526
Unrestricted	<u>339,300</u>
Total Net Assets	<u>\$ 388,826</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 47,759
Daily Sales - Non-Reimbursable Programs	497,735
Program Fees	69,358
Special Events	58,888
Miscellaneous Revenue	<u>27,157</u>
Total Operating Revenue	<u>700,897</u>
Operating Expenses:	
Cost of Sales	192,058
Salaries, Benefits & Payroll Taxes	243,415
Purchased Professional and Technical Services	16,941
Other Purchased Services	76,745
Cleaning, Repair and Maintenance Services	69,846
Supplies and Materials	37,913
Miscellaneous Expense	1,082
Depreciation Expense	<u>7,720</u>
Total Operating Expenses	<u>645,720</u>
Operating Income	55,177
Non-Operating Income:	
Local Sources:	
Interest Income	169
State Sources:	
State School Lunch Program	723
Federal Sources:	
National School Lunch Program	8,099
Food Distribution Program	<u>4,719</u>
Total Non-Operating Income	<u>13,710</u>
Change in Net Assets Before Other Financing Uses	68,887
Other Financing Uses:	
Residual Equity Transfer - General Fund	<u>(964)</u>
Total Other Financing Uses	<u>(964)</u>
Change in Net Assets	67,923
Net Assets - Beginning of Year (As Restated)	<u>320,903</u>
Net Assets - End of Year	<u>\$ 388,826</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 693,777
Payments for Salaries, Payroll Taxes and Benefits	(243,415)
Payments for Supplies, Food and Miscellaneous Purchases	(315,974)
Net Cash Provided by Operating Activities	<u>134,388</u>
Cash Flows from Investing Activities:	
Interest Income	169
Net Cash Provided by Investing Activities	<u>169</u>
Cash Flows from Noncapital & Financing Activities:	
State Sources	691
Federal Sources	7,875
Residual Equity Transfer - General Fund	(964)
Net Cash Provided by Noncapital & Financing Activities	<u>7,602</u>
Net Increase in Cash and Cash Equivalents	142,159
Cash and Cash Equivalents, July 1	<u>306,990</u>
Cash and Cash Equivalents, June 30	<u>\$ 449,149</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 55,177
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	7,720
Food Distribution Program	4,719
Changes in Assets and Liabilities:	
(Increase) in Other Accounts Receivable	(7,120)
(Increase) in Inventory	(7,895)
Increase in Accounts Payable	79,555
Increase in Deferred Revenue	2,232
Net Cash Provided by Operating Activities	<u>\$ 134,388</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$6,951 and utilized U.S.D.A. Commodities valued at \$4,719.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 775,081	\$ 533,396	\$ 55,497	\$ 8,308
Total Assets	<u>775,081</u>	<u>533,396</u>	<u>55,497</u>	<u>8,308</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	421,340			
Due to Student Groups	<u>353,741</u>			
Total Liabilities	<u>775,081</u>			
<u>NET ASSETS:</u>				
Held in Trust for:				
Unemployment Claims		533,396		
Flex Spending Claims			55,497	
Scholarships				<u>8,308</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 533,396</u>	<u>\$ 55,497</u>	<u>\$ 8,308</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Trust	Flex Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 64,767	\$ 185,940	
Donations			\$ 50
Total Contributions	64,767	185,940	50
Investment Earnings:			
Interest			2
Net Investment Earnings			2
Total Additions	64,767	185,940	52
DEDUCTIONS:			
Unemployment Benefit Claims	239,035		
Flex Spending Claims		214,498	
Scholarships Awarded			300
Total Deductions	239,035	214,498	300
Change in Net Assets	(174,268)	(28,558)	(248)
Net Assets - Beginning of the Year	707,664	84,055	8,556
Net Assets - End of the Year	\$ 533,396	\$ 55,497	\$ 8,308

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Millburn Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include five elementary schools, a middle school and a high school located in the Township of Millburn. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes 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 expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's Food Service, Family Science, and Field Rental/Joint Facilities programs. The Food Service, Family Science, and Field Rental/Joint Facilities programs are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students and community on a continuing basis are financed or recovered primarily through user charges. The Family Science Enterprise Fund ceased operations as of June 30, 2011.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities, Payroll Agency, Unemployment Compensation Trust, Flexible Spending Trust and Private Purpose Scholarship Trust.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the Governmental Funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Reports for the District's Enterprise Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. 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. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the prior year.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 77,425,534	\$ 1,603,984
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not.		
Current Year Encumbrances		(10,467)
Prior Year State Aid Payment Recognized for GAAP Statements	<u>208,930</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 77,634,464</u>	<u>\$ 1,593,517</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 78,506,874	\$ 1,603,984
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(10,467)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 78,506,874	\$ 1,593,517

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A 17:9-41et 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 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 market value of 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 the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions: (Cont'd)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

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

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 District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the Fund financial statements, fixed assets used in Governmental fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Fixed assets are not capitalized and the related depreciation is not reported in the Fund financial statements.

L. Long Term Liabilities:

In the District-wide and Enterprise Fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable Government activities, Business-type activities, or Enterprise Funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the Fund financial statements, Governmental fund types recognize bond issuance costs as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2011.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's various employee contracts/agreements.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

In the district-wide *Statement of Net Assets*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

P. Fund Balance Appropriated:

General Fund: Of the \$10,604,314 General Fund balance at June 30, 2011, \$903,492 is assigned for year end encumbrances; \$2,099,463 is restricted in the capital reserve account; \$700,000 has been restricted as emergency reserve; \$2,778,418 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2012; \$2,298,313 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2013; \$75,000 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2012; and there is \$1,749,628 in unassigned fund balance.

Capital Projects Fund: Of the \$1,381,867 fund balance in the Capital Projects Fund has at June 30, 2011, \$1,365,782 is restricted and \$16,085 is committed.

Debt Service Fund: The Debt Service Fund has \$758,632 restricted fund balance at June 30, 2011.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General 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 year's budget. The District has excess surplus as outlined above.

Q. Deficit Fund Balances/Net Assets:

The District has a deficit in unrestricted net assets of \$497,260 in governmental activities, which is due to unassigned fund balance of \$1,749,628 and \$75,000 of General Fund fund balance assigned for subsequent year's expenditures; net of accrued interest payable of \$879,485 and \$1,442,403 of compensated absences payable. This deficit does not indicate the District is in financial difficulties and is permitted practice under generally accepted accounting principles.

R. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, an emergency reserve, the capital projects fund and a debt service fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$16,085 of committed resources at June 30, 2011 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$903,492 assigned resources for year-end encumbrances and \$75,000 for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2011.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. These revenues are sales for Food Service, and program fees for Field Rental/Joint Facilities. Operating expenses are necessary costs incurred to provide these services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2011, cash and cash equivalents and investments of the District consisted of the following:

	<u>Capital Reserve Account</u>	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking/Money Market Accounts		\$ 12,015,209	\$ 12,015,209
NJ ARM	\$ 1,099,463		1,099,463
Cutwater Asset Management		1,199,325	1,199,325
	<u>\$ 1,099,463</u>	<u>\$ 13,214,534</u>	<u>\$ 14,313,997</u>

During the period ended June 30, 2011, the District did not hold any investments other than certificate of deposits. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2011, was \$14,313,997 and the bank balance was \$15,155,267. The balances of \$1,099,463 in NJ ARM and \$1,199,325 in the Cutwater Asset Management are uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1 on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2010	\$ 1,633,273
Add:	
Interest Earnings	1,640
Transfer from Unassigned Fund Balance as of Board Resolution - June 27, 2011	1,000,000
Less:	
Budgeted Withdrawal from Capital Reserve	(357,688)
Transfer from Unassigned Fund Balance as per Board Resolutions	(177,762)
Ending Balance, June 30, 2011	\$ 2,099,463

The balance in the capital reserve account at June 30, 2011 does not exceed the local support costs of uncompleted capital projects in its approved LRFP.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 109,045			\$ 109,045
Construction in Progress		\$ 159,272	\$ (159,272)	
Total Capital Assets Not Being Depreciated	109,045	159,272	(159,272)	109,045
Capital Assets Being Depreciated:				
Site Improvements	3,812,711			3,812,711
Buildings and Building Improvements	68,771,850	263,005		69,034,855
Machinery and Equipment	5,534,539	286,180	\$ (1,450,000)	4,370,719
Total Capital Assets Being Depreciated	78,119,100	549,185	(1,450,000)	77,218,285
Governmental Activities Capital Assets	78,228,145	708,457	(1,609,272)	77,327,330
Less Accumulated Depreciation for:				
Site Improvements	(948,046)	(162,989)		(1,111,035)
Buildings and Building Improvements	(22,985,894)	(1,314,921)		(24,300,815)
Machinery and Equipment	(3,006,352)	(296,695)	1,450,000	(1,853,047)
	(26,940,292)	(1,774,605)	1,450,000	(27,264,897)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 51,287,853	\$ (1,066,148)	\$ (159,272)	\$ 50,062,433
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 225,942		\$ (77,075)	\$ 148,867
Less: Accumulated Depreciation	(168,696)	\$ (7,720)	77,075	(99,341)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 57,246	\$ (7,720)	\$ -0-	\$ 49,526

* Restated

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

The District has no active construction projects as of June 30, 2011.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,258,317
Special Education Instruction	172,867
Student and Other Instruction Related Services	42,022
General Administration	28,629
School Administration	31,820
Central Services	12,529
Administrative Information Technology	21,280
Operations and Maintenance of Plant	122,674
Student Transportation	31,207
Unallocated	53,260
	<u>\$ 1,774,605</u>

NOTE 6. OPERATING LEASES

The District has a commitment to lease copying equipment under an operating lease which expires in 2016. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2012	\$ 96,008
June 30, 2013	60,836
June 30, 2014	37,515
June 30, 2015	16,751
June 30, 2016	2,632
Total future minimum lease payments	<u>\$ 213,742</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2010</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2011</u>
Serial Bonds Payable	\$ 50,389,000		\$ 3,065,000	\$ 47,324,000
Compensated Absences Payable	1,414,355	\$ 234,724	206,676	1,442,403
	<u>\$ 51,803,355</u>	<u>\$ 234,724</u>	<u>\$ 3,271,676</u>	<u>\$ 48,766,403</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2011 as follows:

Final Maturity Date	<u>Serial Bonds</u> Interest Rate	Amount
07/15/19	5.350%	\$ 10,349,000
09/15/23	4.000%	9,080,000
01/15/22	3.700%	8,845,000
07/15/27	4.125%-4.250%	19,050,000
		\$ 47,324,000

Principal and interest due on serial bonds outstanding will be liquidated through the Debt Service Fund and are as follows:

Year Ending June 30,	Bonds		
	Principal	Interest	Total
2012	\$ 3,165,000	\$ 1,993,518	\$ 5,158,518
2013	3,225,000	1,852,170	5,077,170
2014	3,295,000	1,708,443	5,003,443
2015	3,365,000	1,561,582	4,926,582
2016	3,395,000	1,411,586	4,806,586
Thereafter 5 Years (2017-2021)	17,584,000	4,683,048	22,267,048
Thereafter 5 Years (2022-2026)	10,295,000	1,589,590	11,884,590
Thereafter 3 Years (2027-2028)	3,000,000	127,500	3,127,500
	\$ 47,324,000	\$ 14,927,437	\$ 62,251,437

B. Bonds Authorized But Not Issued:

As of June 30, 2011, the Board had no bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the Governmental fund types is recorded in the current and long-term liabilities. There is no current portion, so the entire \$1,442,403 compensated absences balance is recorded in long-term liabilities of the governmental funds and will be liquidated through the General Fund.

There is no liability for vested compensated absences in the Proprietary fund types.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Plan (DCRP). These systems are sponsored and administered by the State of New Jersey. The TPAF 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 Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. However, if an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP.

Employees who are members of TPAF or PERS and retire at or after age according to the relevant tier category for the employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expended under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

District contributions to PERS amounted to \$799,390, \$628,987 and \$295,803 for the fiscal year ended June 30, 2011, 2010 and 2009, respectively.

During the fiscal years ended June 30, 2011, 2010 and 2009, the State of New Jersey made no contributions to the TPAF for normal pension benefits on behalf of the District.

The employee and employer contributions for DCRP for the year ended June 30, 2011 were \$3,238 and \$4,574, respectively. There were no contributions in 2010 or 2009.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS (Cont'd)

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$2,463,818, \$2,362,237 and \$2,292,171 for 2011, 2010 and 2009, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through Oxford Health Insurance.

Property and Liability Insurance

The Millburn Township School District obtains commercial insurance coverage for general liability, property and automobile coverage. The Millburn Township School District is also a member of the Pooled Insurance Program of New Jersey (the "Fund"). This public entity risk management pool provides workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2011 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2010 is as follows:

	<u>Pooled Insurance Program of New Jersey</u>
Total Assets	\$ 18,213,888
Net Assets	\$ 4,394,252
Total Revenue	\$ 7,706,329
Total Expenses	\$ 7,261,105
Change in Net Assets	\$ 445,224
Net Assets Distribution to Participating Members	\$ 1,075,284

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Office of the Executive Director
44 Bergen Street
P.O. Box 270
Westwood, NJ 07675

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ -0-	\$ -0-	\$ 64,767	\$ 239,035	\$ 533,396
2009-2010	500,000	-0-	66,230	157,398	707,664
2008-2009	100,000	-0-	64,762	65,455	298,832

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 168,307	
Special Revenue Fund		\$ 167,509
Capital Projects Fund		2,475
Debt Service Fund	1,677	
	<u>\$ 169,984</u>	<u>\$ 169,984</u>

The interfund payable in the Capital Projects Fund comprises of \$798 of capital projects expenditures paid by General Fund on behalf of the Capital Projects Fund and \$1,677 of current year interest due to the Debt Service Fund. The interfund payable in the Special Revenue Fund due to the General Fund is the amount of the cash deficit in the Special Revenue Fund while awaiting grant reimbursements from grantors.

During the fiscal year, the Capital Projects Fund transferred \$754,693 to the Debt Service Fund which represented interest earnings of \$1,677 and unexpended bond proceeds of \$753,016.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

The plan administrators are as follows:

Variable Annuity Life (VALIC)	Lincoln Investment Planning
Equitable Life Assurance	Prudential

Equitable Life Assurance and Lincoln Investment Planning are the plan administrators for the District's Internal Revenue Code Section 457 plans.

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically threatened with litigation stemming from legal claims and assessments and is currently defending claims that could possibly result in damages up to \$400,000. The ultimate outcome of these cases cannot reasonably be determined, and the District has initiated a strong defense. Consequently, no amount has been accrued in the District's financial statements as of June 30, 2011.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2011, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 903,492	\$ 10,467	\$ 313,701	\$ 1,227,660

On the District's Governmental Funds Balance Sheet as of June 30, 2011, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$10,467 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in deferred revenue. The \$313,701 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$1,365,782 restricted fund balance on a GAAP basis at June 30, 2011.

NOTE 16. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2011 consisted of the following:

	Governmental Activities			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
Due to State of New Jersey		\$ 41,281		\$ 41,281
Salaries	\$ 236,407			236,407
Vendors	511,797	46,993	\$ 18,040	576,830
	\$ 748,204	\$ 88,274	\$ 18,040	\$ 854,518

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2011, the District transferred \$296,175 to the capital outlay accounts. Transfers of \$118,413 were made for equipment and therefore did not require approval from the County Superintendent. The District obtained the required approval from the County Superintendent for the remaining transfers of \$177,762 for emergent projects at the Millburn High School and elementary schools.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to correct the value of Capital Assets and Net Assets – Invested in Capital Assets, Net of Related Debt reported in its Governmental and Business-type activities as of June 30, 2010. The District engaged a different capital asset appraisal company to inventory its capital assets in fiscal year 2010-2011. The new asset appraisal company has utilized a different approach and methodology in calculating depreciation expense, thus accumulated depreciation was adjusted as of June 30, 2010. The financial statements for June 30, 2010 have been restated as follows:

	<u>Balance 6/30/10</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance 6/30/10</u> <u>as Restated</u>
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
Assets:			
Accumulated Depreciation on Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	\$ 49,917,080	\$ 1,261,728	\$ 51,178,808
Net Assets:			
Invested in Capital Assets, Net of Related Debt	(362,875)	1,261,728	898,853
Total Net Assets - Governmental Activities	11,834,511	1,261,728	13,096,239
<u>Business-type Activities:</u>			
Non-Current Assets:			
Capital Assets	225,942		225,942
Accumulated Depreciation	(179,255)	10,559	(168,696)
Total Assets	357,288	10,559	367,847
Net Assets:			
Investment in Capital Assets Net of Related Debt	46,687	10,559	57,246
Total Net Assets - Business-type Activities	310,344	10,559	320,903

This correction had no impact on the District's operations or statement of activities for the fiscal year ended June 30, 2010.

NOTE 19. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution on June 16, 2008 by inclusion of \$300,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated General Fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 19. EMERGENCY RESERVE ACCOUNT (Cont'd)

The activity of the emergency reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010	<u>\$ 700,000</u>
Ending Balance, June 30, 2011	<u>\$ 700,000</u>

BUDGETARY COMPARISON SCHEDULES

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 70,487,758		\$ 70,487,758	\$ 70,487,758	
Tuition From Other LEAs				344,740	\$ 344,740
Tuition From Individuals				134,613	134,613
Interest Earned on Capital Reserve Funds	5,000		5,000	1,640	(3,360)
Unrestricted Miscellaneous Revenue	396,560		396,560	108,953	(287,607)
Total - Local Sources	<u>70,889,318</u>		<u>70,889,318</u>	<u>71,077,704</u>	<u>188,386</u>
State Sources:					
Extraordinary Special Education Costs Aid	476,427		476,427	730,447	254,020
Excess Nonpublic School Transportation Costs				37,077	37,077
TPAF Non-Contributory Insurance (Non-Budgeted)				115,999	115,999
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,463,818	2,463,818
TPAF Social Security (Reimbursed - Non-Budgeted)				3,000,489	3,000,489
Total State Sources	<u>476,427</u>		<u>476,427</u>	<u>6,347,830</u>	<u>5,871,403</u>
Total Revenues	<u>71,365,745</u>		<u>71,365,745</u>	<u>77,425,534</u>	<u>6,059,789</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 222,911	\$ 8,600	\$ 231,511	\$ 220,641	\$ 10,870
Kindergarten - Salaries of Teachers	1,486,956	(21,796)	1,465,160	1,464,602	558
Grades 1-5 - Salaries of Teachers	10,040,595	(9,062)	10,031,533	9,888,654	142,879
Grades 6-8 - Salaries of Teachers	6,408,051	(6,050)	6,402,001	6,385,747	16,254
Grades 9-12 - Salaries of Teachers	8,786,305	(85,067)	8,701,238	8,555,011	146,227
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000		20,000	14,983	5,017
Purchased Professional-Educational Services	10,000	2,000	12,000	8,629	3,371
General Supplies	500		500		500
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	280,732	(50,866)	229,866	229,077	789
Purchased Professional-Educational Services		7,600	7,600	5,470	2,130
Purchased Technical Services	236,796	11,843	248,639	163,090	85,549
Other Purchased Services	18,105	(600)	17,505	5,183	12,322
General Supplies	800,631	177,742	978,373	923,599	54,774
Textbooks	147,500	(4,830)	142,670	137,229	5,441
Total Regular Programs - Instruction	28,459,082	29,514	28,488,596	28,001,915	486,681
Special Education - Instruction:					
Cognitive - Moderate:					
Purchased Professional-Educational Services	4,000		4,000		4,000
Total Cognitive - Moderate	4,000		4,000		4,000

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 319,571	\$ (54,411)	\$ 265,160	\$ 263,340	\$ 1,820
Other Salaries for Instruction		99,544	99,544	98,914	630
General Supplies	10,000	(1,550)	8,450	6,894	1,556
Textbooks	3,000		3,000		3,000
Total Learning and/or Language Disabilities	<u>332,571</u>	<u>43,583</u>	<u>376,154</u>	<u>369,148</u>	<u>7,006</u>
Visual Impairments:					
Purchased Professional-Educational Services	2,000		2,000	350	1,650
Total Visual Impairments	<u>2,000</u>		<u>2,000</u>	<u>350</u>	<u>1,650</u>
Auditory Impairments:					
Salaries of Teachers	62,949		62,949	60,949	2,000
General Supplies	1,000		1,000	322	678
Total Auditory Impairments	<u>63,949</u>		<u>63,949</u>	<u>61,271</u>	<u>2,678</u>
Multiple Disabilities:					
Salaries of Teachers	178,288	(32,135)	146,153	143,593	2,560
General Supplies	1,000		1,000	82	918
Textbooks	800		800		800
Total Multiple Disabilities	<u>180,088</u>	<u>(32,135)</u>	<u>147,953</u>	<u>143,675</u>	<u>4,278</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 3,616,061	\$ 108,335	\$ 3,724,396	\$ 3,716,550	\$ 7,846
General Supplies	20,865	(2,000)	18,865	13,832	5,033
Textbooks	8,500		8,500		8,500
Total Resource Room/Resource Center	<u>3,645,426</u>	<u>106,335</u>	<u>3,751,761</u>	<u>3,730,382</u>	<u>21,379</u>
Autism:					
Salaries of Teachers	109,176	14,422	123,598	121,232	2,366
Other Salaries for Instruction	3,500		3,500		3,500
General Supplies	3,000		3,000	2,878	122
Total Autism	<u>115,676</u>	<u>14,422</u>	<u>130,098</u>	<u>124,110</u>	<u>5,988</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	10,000		10,000		10,000
Other Salaries for Instruction	15,000		15,000	6,859	8,141
General Supplies	6,000		6,000	1,082	4,918
Total Preschool Disabilities - Part-Time	<u>31,000</u>		<u>31,000</u>	<u>7,941</u>	<u>23,059</u>
Home Instruction:					
Salaries of Teachers	75,000		75,000	38,051	36,949
Purchased Professional-Educational Services	6,000	33,000	39,000	36,080	2,920
General Supplies	300		300		300
Total Home Instruction	<u>81,300</u>	<u>33,000</u>	<u>114,300</u>	<u>74,131</u>	<u>40,169</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Total Special Education - Instruction	\$ 4,456,010	\$ 165,205	\$ 4,621,215	\$ 4,511,008	\$ 110,207
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	790,211	(26,275)	763,936	760,830	3,106
General Supplies	4,000		4,000	3,366	634
Textbooks	500		500		500
Total Basic Skills/Remedial - Instruction	<u>794,711</u>	<u>(26,275)</u>	<u>768,436</u>	<u>764,196</u>	<u>4,240</u>
Bilingual Education - Instruction:					
Salaries of Teachers	303,918	(41,207)	262,711	259,901	2,810
Purchased Technical Services		1,050	1,050	598	452
General Supplies	1,500		1,500	906	594
Textbooks	4,000	(1,050)	2,950		2,950
Other Objects	900		900	130	770
Total Bilingual Education - Instruction	<u>310,318</u>	<u>(41,207)</u>	<u>269,111</u>	<u>261,535</u>	<u>7,576</u>
School Sponsored Cocurricular Activities:					
Salaries	309,594	(1,722)	307,872	287,791	20,081
Other Objects	108,427	(9,000)	99,427	93,374	6,053
Total School-Sponsored Cocurricular Activities	<u>418,021</u>	<u>(10,722)</u>	<u>407,299</u>	<u>381,165</u>	<u>26,134</u>
School-Sponsored Athletics:					
Salaries	715,843	53,952	769,795	745,450	24,345
Purchased Services	109,975	4,753	114,728	92,195	22,533
Supplies and Materials	77,363	(21,692)	55,671	48,548	7,123
Other Objects	12,954	(2,206)	10,748	10,063	685
Total School-Sponsored Athletics	<u>916,135</u>	<u>34,807</u>	<u>950,942</u>	<u>896,256</u>	<u>54,686</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Instruction:					
Community Services Programs:					
Salaries	\$ 60,150	\$ (6,008)	\$ 54,142	\$ 25,787	\$ 28,355
Total Community Services Programs	<u>60,150</u>	<u>(6,008)</u>	<u>54,142</u>	<u>25,787</u>	<u>28,355</u>
Total Instruction	<u>35,414,427</u>	<u>145,314</u>	<u>35,559,741</u>	<u>34,841,862</u>	<u>717,879</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	650,000	(186,063)	463,937	411,484	52,453
Tuition to County Vocational School - Special	3,650	14,350	18,000	18,000	
Tuition to CSSD & Regional Day Schools					
Tuition to Private Schools for the Handicapped Within State	707,800	9,892	717,692	641,246	76,446
Tuition to Private Schools for the Handicapped Outside State		83,543	83,543	63,542	20,001
Tuition - State Facilities		61,500	61,500	61,500	
Tuition - Other	215,000	(52,415)	162,585	111,385	51,200
Total Undistributed Expenditures - Instruction	<u>1,576,450</u>	<u>(69,193)</u>	<u>1,507,257</u>	<u>1,307,157</u>	<u>200,100</u>
Undistributed Expenditures:					
Health Services:					
Salaries	641,655	(62,572)	579,083	576,993	2,090
Purchased Professional and Technical Services	34,956	30,000	64,956	35,065	29,891
Other Purchased Services	350	(195)	155	16	139
Supplies and Materials	10,400	4,650	15,050	12,519	2,531
Other Objects	3,900	195	4,095	732	3,363
Total Health Services	<u>691,261</u>	<u>(27,922)</u>	<u>663,339</u>	<u>625,325</u>	<u>38,014</u>
Speech, OT, PT & Related Services:					
Salaries	1,190,310	13,941	1,204,251	1,204,250	1
Purchased Professional - Educational Services	160,000	(35,100)	124,900	104,799	20,101

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Speech, OT, PT & Related Services:					
Supplies and Materials	\$ 6,400		\$ 6,400	\$ 5,291	\$ 1,109
Total Speech, OT, PT & Related Services	<u>1,356,710</u>	<u>\$ (21,159)</u>	<u>1,335,551</u>	<u>1,314,340</u>	<u>21,211</u>
Other Support Services - Extraordinary Services:					
Salaries	1,366,030	(109,971)	1,256,059	1,252,044	4,015
Supplies and Materials	2,200		2,200	638	1,562
Total Other Support Services - Extraordinary Services	<u>1,368,230</u>	<u>(109,971)</u>	<u>1,258,259</u>	<u>1,252,682</u>	<u>5,577</u>
Guidance:					
Salaries of Other Professional Staff	1,189,660		1,189,660	1,189,660	
Salaries of Secretarial and Clerical Assistants	142,411	4,628	147,039	146,914	125
Other Salaries	99,706		99,706	99,706	
Other Purchased Professional-Educational Services	32,000		32,000	27,562	4,438
Other Purchased Services	4,000	(4,000)			
Total Guidance	<u>1,467,777</u>	<u>628</u>	<u>1,468,405</u>	<u>1,463,842</u>	<u>4,563</u>
Child Study Team:					
Salaries of Other Professional Staff	2,195,520	(64,201)	2,131,319	2,114,854	16,465
Salaries of Secretarial and Clerical Assistants	229,520	4,996	234,516	233,784	732
Other Purchased Professional and Technical Services	45,000	44,193	89,193	76,371	12,822
Miscellaneous Purchased Services	4,000		4,000	1,192	2,808
Supplies and Materials	31,500	8,665	40,165	32,621	7,544
Other Objects	4,400		4,400	2,331	2,069
Total Child Study Team	<u>2,509,940</u>	<u>(6,347)</u>	<u>2,503,593</u>	<u>2,461,153</u>	<u>42,440</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 694,579	\$ (165,258)	\$ 529,321	\$ 510,241	\$ 19,080
Salaries of Other Professional Staff	225,660	122,119	347,779	320,409	27,370
Salaries of Secretarial and Clerical Assistants	106,951	(53,726)	53,225	53,224	1
Other Purchased Services	6,700		6,700	783	5,917
Supplies and Materials	23,200	(9,075)	14,125	8,472	5,653
Other Objects	13,000		13,000	3,266	9,734
Total Improvement of Instructional Services	1,070,090	(105,940)	964,150	896,395	67,755
Educational Media Services/School Library:					
Salaries	697,368	(45,266)	652,102	648,972	3,130
Supplies and Materials	159,126	(26,500)	132,626	129,026	3,600
Total Educational Media Services/School Library	856,494	(71,766)	784,728	777,998	6,730
Instructional Staff Training Services:					
Salaries of Other Professional Staff	26,000	(6,554)	19,446	14,446	5,000
Other Salaries	16,280	4,200	20,480	17,861	2,619
Purchased Professional - Educational Services	500	5,630	6,130	3,975	2,155
Other Purchased Services	8,500	(967)	7,533	1,027	6,506
Other Objects	16,110	367	16,477	5,638	10,839
Total Instructional Staff Training Services	67,390	2,676	70,066	42,947	27,119

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Undistributed Expenditures:					
General Administration:					
Salaries	\$ 396,302	\$ (1,197)	\$ 395,105	\$ 390,946	\$ 4,159
Legal Services	200,000	12,000	212,000	194,717	17,283
Audit Fees	45,000	5,000	50,000	45,000	5,000
Architectural/Engineering Services	7,500		7,500	1,000	6,500
Other Purchased Professional Services	78,000		78,000	68,904	9,096
Communications/Telephone	128,627	(2,012)	126,615	88,287	38,328
BOE Other Purchased Services	1,000		1,000		1,000
Miscellaneous Purchased Services (400-500)	26,754	2,316	29,070	27,131	1,939
General Supplies	27,000	(7,700)	19,300	4,949	14,351
BOE In-House Training/Meeting Supplies	1,425		1,425	307	1,118
Miscellaneous Expenditures	186,075	7,700	193,775	28,908	164,867
BOE Membership Dues and Fees	35,000		35,000	28,513	6,487
Total General Administration	<u>1,132,683</u>	<u>16,107</u>	<u>1,148,790</u>	<u>878,662</u>	<u>270,128</u>
School Administration:					
Salaries of Principals/Assistant Principals	1,588,636	8,413	1,597,049	1,597,048	1
Salaries of Other Professional Staff	342,416	190,553	532,969	532,660	309
Salaries of Secretarial and Clerical Assistants	808,865	12,330	821,195	812,997	8,198
Other Salaries	12,000		12,000	1,143	10,857
Supplies and Materials	180,154	(7,001)	173,153	166,909	6,244
Other Objects	49,900	(13,280)	36,620	27,164	9,456
Total School Administration	<u>2,981,971</u>	<u>191,015</u>	<u>3,172,986</u>	<u>3,137,921</u>	<u>35,065</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 763,352	\$ 45,688	\$ 809,040	\$ 776,897	\$ 32,143
Purchased Technical Services	42,715	9,275	51,990	41,634	10,356
Miscellaneous Purchased Services	5,600		5,600	572	5,028
Supplies and Materials	29,900	(79)	29,821	19,513	10,308
Miscellaneous Expenditures	66,925	3,600	70,525	50,698	19,827
Total Central Services	<u>908,492</u>	<u>58,484</u>	<u>966,976</u>	<u>889,314</u>	<u>77,662</u>
Administrative Information Technology:					
Salaries	694,351	(107,205)	587,146	584,747	2,399
Purchased Professional Services	20,039	(15,787)	4,252	4,251	1
Purchased Technical Services	12,600	3,623	16,223	16,219	4
Other Purchased Services	2,500	(1,784)	716	715	1
Supplies and Materials	7,481	(4,677)	2,804	1,731	1,073
Other Objects	2,500	(2,201)	299	299	
Total Administrative Information Technology	<u>739,471</u>	<u>(128,031)</u>	<u>611,440</u>	<u>607,962</u>	<u>3,478</u>
Required Maintenance for School Facilities:					
Salaries	349,717	3,818	353,535	348,984	4,551
Cleaning, Repair and Maintenance Services	469,410	(24,004)	445,406	309,091	136,315
General Supplies	190,000	(31,874)	158,126	158,124	2
Other Objects		9,989	9,989	1,929	8,060
Total Required Maintenance for School Facilities	<u>1,009,127</u>	<u>(42,071)</u>	<u>967,056</u>	<u>818,128</u>	<u>148,928</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 1,937,201	\$ 122,686	\$ 2,059,887	\$ 2,049,592	\$ 10,295
Salararies of Non-Instructional Aides	345,757	15,365	361,122	353,249	7,873
Purchased Professional and Technical Services	31,400		31,400	27,505	3,895
Cleaning, Repair and Maintenance Services	663,895	(70,591)	593,304	507,427	85,877
Other Purchased Property Services	110,000		110,000	74,840	35,160
Insurance	233,450		233,450	223,453	9,997
Miscellaneous Purchased Services	1,700	6,500	8,200		8,200
General Supplies	196,500	(66,849)	129,651	104,738	24,913
Energy (Natural Gas)	750,000	(68,652)	681,348	308,433	372,915
Energy (Electricity)	875,000	68,652	943,652	943,652	
Energy (Oil)	7,000		7,000	4,761	2,239
Other Objects	1,350		1,350	100	1,250
Total Custodial Services	<u>5,153,253</u>	<u>7,111</u>	<u>5,160,364</u>	<u>4,597,750</u>	<u>562,614</u>
Care & Upkeep of Grounds:					
Salaries	216,657	(54,875)	161,782	155,455	6,327
Cleaning, Repair and Maintenance Services	49,050	(16,060)	32,990	9,694	23,296
General Supplies	17,300	15,000	32,300	24,515	7,785
Total Care & Upkeep of Grounds	<u>283,007</u>	<u>(55,935)</u>	<u>227,072</u>	<u>189,664</u>	<u>37,408</u>
Security:					
Salaries	104,359	9,206	113,565	103,774	9,791
Purchased Professional and Technical Services	30,000	(10,000)	20,000	8,583	11,417
General Supplies	15,000	(5,000)	10,000	2,934	7,066
Total Security	<u>149,359</u>	<u>(5,794)</u>	<u>143,565</u>	<u>115,291</u>	<u>28,274</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	\$ 164,675	\$ (10,070)	\$ 154,605	\$ 138,928	\$ 15,677
Between Home and School - Regular	122,524	1	122,525	121,881	644
Between Home and School - Special Education	278,400	3,026	281,426	276,365	5,061
Other than Between Home and School	47,100	(2,350)	44,750	38,813	5,937
Contracted Services:					
Cleaning, Repair and Maintenance Services	31,400	10,500	41,900	41,144	756
Between Home and School -Vendors	1,235,188		1,235,188	1,116,832	118,356
Other than Between Home and School -Vendors	188,906	(24,563)	164,343	115,697	48,646
Special Education Students - Vendors	500,000	(15,075)	484,925	364,240	120,685
Aid in Lieu of Payments for Nonpublic School Students	171,380		171,380	129,506	41,874
Miscellaneous Purchased Services - Transportation	27,600	(275)	27,325	12,480	14,845
General Supplies	27,000	4,350	31,350	20,350	11,000
Transportation Supplies	4,700	(22)	4,678	559	4,119
Other Objects	600	522	1,122	1,122	
Total Student Transportation Services	2,799,473	(33,956)	2,765,517	2,377,917	387,600
Unallocated Benefits:					
Social Security Contributions	1,004,351	40,500	1,044,851	888,165	156,686
Other Retirement Contributions - PERS	729,280	70,110	799,390	799,390	
Other Retirement Contributions - Regular		19,280	19,280	16,656	2,624
Workmen's Compensation	400,000	29,604	429,604	429,604	
Health Benefits	11,803,610	(143,551)	11,660,059	11,468,198	191,861
Tuition Reimbursement	133,833	500	134,333	123,684	10,649
Other Employee Benefits	86,000	121,894	207,894	203,795	4,099
Total Unallocated Benefits	14,157,074	138,337	14,295,411	13,929,492	365,919

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
On-Behalf Contributions (Non-budgeted):					
TPAF Non-Contributory Insurance				\$ 115,999	\$ (115,999)
TPAF Post Retirement Contributions (On-Behalf)				2,463,818	(2,463,818)
Reimbursed TPAF Social Security Contributions				3,000,489	(3,000,489)
Total On-Behalf Contributions				<u>5,580,306</u>	<u>(5,580,306)</u>
Total Employee Benefits	\$ 14,157,074	\$ 138,337	\$ 14,295,411	19,509,798	(5,214,387)
Total Undistributed Expenditures	<u>40,278,252</u>	<u>(263,727)</u>	<u>40,014,525</u>	43,264,246	<u>(3,249,721)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>75,692,679</u>	<u>(118,413)</u>	<u>75,574,266</u>	78,106,108	<u>(2,531,842)</u>
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12		3,894	3,894	3,894	
Undistributed - Instruction	285,600	7,539	293,139	293,138	1
Operation & Maintenance of Plant Services		106,980	106,980		106,980
Total Equipment	<u>285,600</u>	<u>118,413</u>	<u>404,013</u>	<u>297,032</u>	<u>106,981</u>
Facilities Acquisition and Construction Services:					
Other Purchased Professional Services	63,000	24,781	87,781	44,064	43,717
Construction Services	567,000	152,981	719,981	59,670	660,311
Total Facilities Acquisition and Construction Services	<u>630,000</u>	<u>177,762</u>	<u>807,762</u>	<u>103,734</u>	<u>704,028</u>
TOTAL CAPITAL OUTLAY	<u>915,600</u>	<u>296,175</u>	<u>1,211,775</u>	400,766	<u>811,009</u>
TOTAL EXPENDITURES	<u>76,608,279</u>	<u>177,762</u>	<u>76,786,041</u>	78,506,874	<u>(1,720,833)</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (5,242,534)	\$ (177,762)	\$ (5,420,296)	\$ (1,081,340)	\$ 4,338,956
Other Financing Sources:					
Residual Equity Transfer from Family Science Fund				964	(964)
Total Other Financing Sources				964	(964)
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(5,242,534)	(177,762)	(5,420,296)	(1,080,376)	4,339,920
Fund Balance, July 1	11,684,690		11,684,690	11,684,690	
Fund Balance, June 30	\$ 6,442,156	\$ (177,762)	\$ 6,264,394	\$ 10,604,314	\$ 4,339,920
Recapitulation:					
Restricted:					
Capital Reserve				\$ 2,099,463	
Emergency Reserve				700,000	
Excess Surplus				2,298,313	
Excess Surplus - Designated for Subsequent Year's Expenditures				2,778,418	
Assigned:					
Year End Encumbrances				903,492	
Designated for Subsequent Year's Expenditures				75,000	
Unassigned				1,749,628	
				10,604,314	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				-0-	
Fund Balance per Governmental Funds (GAAP)				\$ 10,604,314	

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 123,277	\$ 123,277	\$ 117,042	\$ (6,235)
State Sources	\$ 211,454	(19,959)	191,495	158,430	(33,065)
Federal Sources	962,769	981,014	1,943,783	1,328,512	(615,271)
Total Revenues	<u>1,174,223</u>	<u>1,084,332</u>	<u>2,258,555</u>	<u>1,603,984</u>	<u>(654,571)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	962,769	(661,935)	300,834	193,906	106,928
Purchased Professional - Educational Services		48,307	48,307	28,090	20,217
Other Purchased Services	36,409	71,516	107,925	91,612	16,313
Tuition		626,839	626,839	487,979	138,860
General Supplies		120,158	120,158	50,469	69,689
Textbooks	33,527	(6,016)	27,511	25,548	1,963
Other Objects		108,113	108,113	103,728	4,385
Total Instruction	<u>1,032,705</u>	<u>306,982</u>	<u>1,339,687</u>	<u>981,332</u>	<u>358,355</u>
Support Services:					
Salaries of Other Professional Staff		167,839	167,839	114,570	53,269
Salaries of Secretarial and Clerical Assistants		160,517	160,517	160,517	
Personal Services - Employee Benefits		87,716	87,716	55,562	32,154
Purchased Professional and Technical Services	39,757	185,458	225,215	142,672	82,543
Purchased Professional-Educational Services	101,761	(18,681)	83,080	72,889	10,191
Other Purchased Services		17,653	17,653	11,098	6,555
Supplies and Materials		61,381	61,381	54,877	6,504
Total Support Services	<u>141,518</u>	<u>661,883</u>	<u>803,401</u>	<u>612,185</u>	<u>191,216</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Building/Renovation		\$ 105,000	\$ 105,000		\$ 105,000
Instructional Equipment		10,467	10,467	\$ 10,467	
Total Facilities Acquisition and Construction Services		115,467	115,467	10,467	105,000
Total Expenditures	\$ 1,174,223	\$ 1,084,332	\$ 2,258,555	\$ 1,603,984	\$ 654,571

MILLBURN TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 77,425,534	\$ 1,603,984
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(10,467)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	208,930	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 77,634,464	\$ 1,593,517
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 78,506,874	\$ 1,603,984
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(10,467)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 78,506,874	\$ 1,593,517

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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions or the annual budgets during the year).

MILLBURN TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Any unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the prior year last two state aid payments for the current year.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MILLBURN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>No Child Left Behind</u>		<u>I.D.E.A.</u>			
	<u>Title IIA Carryover</u>	<u>Title III Immigrant C/O</u>	<u>Basic 2010-11</u>	<u>Basic Carryover</u>	<u>Preschool 2010-11</u>	<u>Basic ARRA</u>
REVENUES						
Local Sources						
State Sources						
Federal Sources	\$ 7,700	\$ 3,721	\$ 795,418	\$ 148,590	\$ 29,806	\$ 242,281
Total Revenues	<u>7,700</u>	<u>3,721</u>	<u>795,418</u>	<u>148,590</u>	<u>29,806</u>	<u>242,281</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers		3,480	70,829	58,952		
Purchased Professional - Educational Services						
Other Purchased Services						91,612
Tuition			487,979			
General Supplies			2,187	3,010		31,891
Textbooks						
Other Objects						
Total Instruction		<u>3,480</u>	<u>560,995</u>	<u>61,962</u>		<u>123,503</u>
Support Services:						
Salaries of Other Professional Staff				76,283	26,000	8,415
Salaries of Secretarial and Clerical Assistants			160,517			
Personal Services - Employee Benefits		241	32,401	10,345	3,806	644
Purchased Professional and Technical Services	7,700		32,375			63,300
Purchased Professional - Educational Services						
Other Purchased Services			9,130			
Supplies and Materials						46,419
Total Support Services	<u>7,700</u>	<u>241</u>	<u>234,423</u>	<u>86,628</u>	<u>29,806</u>	<u>118,778</u>
Total Support Services						
Instructional Equipment						
Non-Instructional Equipment						
Total Expenditures	<u>\$ 7,700</u>	<u>\$ 3,721</u>	<u>\$ 795,418</u>	<u>\$ 148,590</u>	<u>\$ 29,806</u>	<u>\$ 242,281</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Nonpublic		Nonpublic	Nonpublic Handicapped Services		
	Nursing	Textbooks	Auxiliary Services Compensatory Education	Supplementary Instruction	Examination and Classification	Corrective Speech
REVENUES:						
Local Sources						
State Sources	\$ 32,597	\$ 25,548	\$ 21,350	\$ 6,740	\$ 37,460	\$ 34,735
Federal Sources						
Total Revenues	<u>32,597</u>	<u>25,548</u>	<u>21,350</u>	<u>6,740</u>	<u>37,460</u>	<u>34,735</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional - Educational Services			21,350	6,740		
Other Purchased Services						
Tuition						
General Supplies						
Textbooks		25,548				
Other Objects						
Total Instruction		<u>25,548</u>	<u>21,350</u>	<u>6,740</u>		
Support Services:						
Salaries of Other Professional Staff						
Salaries of Secretarial and Clerical Assistants						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services	32,597					
Purchased Professional - Educational Services					37,460	34,735
Other Purchased Services						
Supplies and Materials						
Total Support Services	<u>32,597</u>				<u>37,460</u>	<u>34,735</u>
Total Support Services						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	<u>\$ 32,597</u>	<u>\$ 25,548</u>	<u>\$ 21,350</u>	<u>\$ 6,740</u>	<u>\$ 37,460</u>	<u>\$ 34,735</u>

TOWNSHIP OF MILLBURN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Private Donations	No Child Left Behind				Totals
		Title IIA	Title III	Title III Immigrant	Title IV	2011
REVENUES:						
Local Sources	\$ 117,042					\$ 117,042
State Sources						158,430
Federal Sources		\$ 62,736	\$ 15,551	\$ 18,046	\$ 4,663	1,328,512
Total Revenues	117,042	62,736	15,551	18,046	4,663	1,603,984
EXPENDITURES:						
Instruction:						
Salaries of Teachers		45,630	6,752	4,263	4,000	193,906
Purchased Professional - Educational Services						28,090
Other Purchased Services						91,612
Tuition						487,979
General Supplies	2,847		1,050	9,484		50,469
Textbooks						25,548
Other Objects	103,728					103,728
Total Instruction	106,575	45,630	7,802	13,747	4,000	981,332
Support Services:						
Salaries of Other Professional Staff		2,695	307	870		114,570
Salaries of Secretarial and Clerical Assistants						160,517
Personal Services - Employee Benefits		6,886	540	393	306	55,562
Purchased Professional and Technical Services		6,700				142,672
Purchased Professional - Educational Services		509			185	72,889
Other Purchased Services		316	1,480		172	11,098
Supplies and Materials			5,422	3,036		54,877
Total Support Services		17,106	7,749	4,299	663	612,185
Facilities Acquisition:						
Instructional Equipment	10,467					10,467
Total Facilities Acquisition	10,467					10,467
Total Expenditures	\$ 117,042	\$ 62,736	\$ 15,551	\$ 18,046	\$ 4,663	\$ 1,603,984

MILLBURN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOT APPLICABLE

CAPITAL PROJECTS FUND

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenue and Other Financing Sources:	
Interest on Investments	\$ 1,677
Total Revenue and Other Financing Sources	<u>1,677</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	29,502
Construction Services	129,770
Transfer to Debt Service Fund:	
Interest on Investments	1,677
Unexpended Bond Proceeds	<u>753,016</u>
Total Expenditures and Other Financing Uses	<u>913,965</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(912,288)
Fund Balance - Beginning of Year	<u>2,294,155</u>
Fund Balance - End of Year	<u>\$ 1,381,867</u>
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 1,052,081
Restricted - Year End Encumbrances	313,701
Committed Fund Balance	<u>16,085</u>
Total Restricted Fund Balance - Budgetary Basis	<u>1,381,867</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS TO HIGH AND MIDDLE SCHOOLS AND VARIOUS RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 2,943,342		\$ 2,943,342	\$ 2,943,342
Bond Proceeds	12,555,000		12,555,000	12,555,000
Contribution from Private Sources	158		158	158
Total Revenue	15,498,500		15,498,500	15,498,500
Expenditures and Other Financing Uses:				
Legal Services	91,051		91,051	91,051
Purchased Professional and Technical Services	1,592,470		1,592,470	1,584,874
Construction Services	13,603,395		13,603,395	13,610,192
Equipment	208,568		208,568	209,367
Transfer to Debt Service Fund		\$ 3,016	3,016	3,016
Total Expenditures and Other Financing Uses	15,495,484	3,016	15,498,500	15,498,500
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Uses	\$ 3,016	\$ (3,016)	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	SP200182; SP200183
Grant Date	12/14/99
Bond Authorization Date	12/14/99
Bonds Authorized	\$ 12,555,158
Bonds Issued	\$ 12,555,000
Original Authorized Cost	\$ 15,498,500
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 15,498,500

Percentage Increase over Original

Authorized Cost	0%
Percentage Completion	100.00%
Original Target Completion Date	01/15/05
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Project Authorization
Revenue:				
State Sources - SDA Grant	\$ 270,537		\$ 270,537	\$ 270,537
Bond Proceeds	691,742		691,742	691,742
Total Revenue	962,279		962,279	962,279
Expenditures:				
Legal Services	6,397		6,397	6,395
Purchased Professional and Technical Services	122,175		122,175	122,392
Construction Services	821,794		821,794	833,492
Total Expenditures	950,366		950,366	962,279
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 11,913	\$ -0-	\$ 11,913	\$ -0-

Additional Project Information:

Project Numbers	SP2030048
Grant Date	03/06/03
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 691,742
Bonds Issued	\$ 691,742
Original Authorized Cost	\$ 834,289
Additional Authorized Cost	\$ 127,990
Revised Authorized Cost	\$ 962,279

Percentage Increase over Original Authorized Cost	15%
Percentage Completion	99%
Original Target Completion Date	01/06/04
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO DEERFIELD ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 981,942		\$ 981,942	\$ 981,942
Bond Proceeds	2,771,906		2,771,906	2,771,906
Total Revenue	3,753,848		3,753,848	3,753,848
Expenditures:				
Legal Services	15,247		15,247	15,247
Purchased Professional and Technical Services	379,572		379,572	394,774
Construction Services	3,263,865		3,263,865	3,258,758
Equipment	85,067		85,067	85,069
Total Expenditures	3,743,751		3,743,751	3,753,848
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 10,097	\$ -0-	\$ 10,097	\$ -0-

Additional Project Information:

Project Numbers	SP202997
Grant Date	02/19/03
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 2,771,906
Bonds Issued	\$ 2,771,906
Original Authorized Cost	\$ 3,661,880
Additional Authorized Cost	\$ 91,968
Revised Authorized Cost	\$ 3,753,848

Percentage Increase over Original Authorized Cost	3%
Percentage Completion	99.73%
Original Target Completion Date	09/15/04
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO GLENWOOD ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 958,832		\$ 958,832	\$ 958,832
Bond Proceeds	2,035,633		2,035,633	2,035,633
Total Revenue	2,994,465		2,994,465	2,994,465
Expenditures:				
Legal Services	28,844		28,844	18,508
Purchased Professional and Technical Services	317,611		317,611	359,361
Construction Services	2,539,867		2,539,867	2,544,516
Equipment	69,344		69,344	72,080
Total Expenditures	2,955,666		2,955,666	2,994,465
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 38,799	\$ -0-	\$ 38,799	\$ -0-

Additional Project Information:

Project Numbers	SP202998
Grant Date	02/19/03
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 2,035,633
Bonds Issued	\$ 2,035,633
Original Authorized Cost	\$ 3,396,127
Additional Authorized Cost	\$ (401,662)
Revised Authorized Cost	\$ 2,994,465
Percentage Increase over Original Authorized Cost	-12%
Percentage Completion	99%
Original Target Completion Date	09/15/04
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO SOUTH MOUNTAIN ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Project Authorization
Revenue:				
State Sources - SDA Grant	\$ 526,969		\$ 526,969	\$ 526,969
Bond Proceeds	899,577		899,577	899,577
Total Revenue	1,426,546		1,426,546	1,426,546
Expenditures:				
Legal Services	7,812		7,812	7,812
Purchased Professional and Technical Services	162,058		162,058	160,573
Construction Services	1,197,533		1,197,533	1,199,533
Equipment	58,628		58,628	58,628
Total Expenditures	1,426,031		1,426,031	1,426,546
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 515	\$ -0-	\$ 515	\$ -0-

Additional Project Information:

Project Numbers	SP202996
Grant Date	02/19/03
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 899,577
Bonds Issued	\$ 899,577
Original Authorized Cost	\$ 1,317,422
Additional Authorized Cost	\$ 109,124
Revised Authorized Cost	\$ 1,426,546

Percentage Increase over Original Authorized Cost	8%
Percentage Completion	99.96%
Original Target Completion Date	01/07/04
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS

ADDITIONS AND RENOVATIONS TO WYOMING ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Project Authorization
Revenue:				
State Sources - SDA Grant	\$ 612,158		\$ 612,158	\$ 612,158
Bond Proceeds	1,595,549		1,595,549	1,595,549
Total Revenue	2,207,707		2,207,707	2,207,707
Expenditures:				
Legal Services	12,071		12,071	12,154
Purchased Professional and Technical Services	237,923		237,923	289,566
Construction Services	1,800,801		1,800,801	1,862,643
Equipment	43,343		43,343	43,344
Total Expenditures	2,094,138		2,094,138	2,207,707
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 113,569	\$ -0-	\$ 113,569	\$ -0-

Additional Project Information:

Project Numbers	SP202995
Grant Date	02/19/03
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 1,595,549
Bonds Issued	\$ 1,595,549
Original Authorized Cost	\$ 2,629,301
Additional Authorized Cost	\$ (421,594)
Revised Authorized Cost	\$ 2,207,707

Percentage Increase over Original

Authorized Cost	-16%
Percentage Completion	95%
Original Target Completion Date	09/15/04
Revised Target Completion Date	09/15/04

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Project Authorization
Revenue:				
State Sources - SDA Grant	\$ 1,447,389		\$ 1,447,389	\$ 1,447,389
Bond Proceeds	2,702,839		2,702,839	2,702,839
Total Revenue	4,150,228		4,150,228	4,150,228
Expenditures:				
Legal Services	2,200		2,200	2,200
Purchased Professional and Technical Services	350,458		350,458	359,968
Construction Services	3,786,288		3,786,288	3,788,060
Total Expenditures	4,138,946		4,138,946	4,150,228
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 11,282	\$ -0-	\$ 11,282	\$ -0-

Additional Project Information:

Project Numbers	SP2021057
Grant Date	02/13/99
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 2,702,839
Bonds Issued	\$ 2,701,068
Original Authorized Cost	\$ 3,618,472
Additional Authorized Cost	\$ 531,756
Revised Authorized Cost	\$ 4,150,228

Percentage Increase over Original

Authorized Cost	15%
Percentage Completion	100%
Original Target Completion Date	08/31/05
Revised Target Completion Date	09/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL WINDOWS PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 360,076		\$ 360,076	\$ 496,892
Transfer from Capital Reserve	556,208		556,208	745,339
Total Revenue	916,284		916,284	1,242,231
Expenditures:				
Purchased Professional and Technical Services	53,989		53,989	54,231
Construction Services	846,210		846,210	1,188,000
Total Expenditures	900,199		900,199	1,242,231
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 16,085	\$ -0-	\$ 16,085	\$ -0-

Additional Project Information:

Project Numbers	3190-050-04-00MC
Grant Date	06/17/04
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,242,231
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 1,242,231
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	98%
Original Target Completion Date	01/15/05
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
Bond Proceeds	\$ 11,643,875		\$ 11,643,875	\$ 11,644,875
Total Revenue	11,643,875		11,643,875	11,644,875
Expenditures and Other Financing Uses:				
Legal Services				91,358
Purchased Professional and Technical Services	578,173	\$ 14,712	592,885	347,659
Construction Services	8,538,928		8,538,928	9,198,858
Equipment	352,776		352,776	507,000
Transfer to Debt Service Fund	750,000	750,000	1,500,000	1,500,000
Total Expenditures and Other Financing Uses	10,219,877	764,712	10,984,589	11,644,875
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Uses	\$ 1,423,998	\$ (764,712)	\$ 659,286	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	09/26/06
Bonds Authorized	\$ 11,644,875
Bonds Issued	\$ 11,643,875
Original Authorized Cost	\$ 11,644,875
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 11,644,875

Percentage Increase over Original

Authorized Cost	0%
Percentage Completion	94%
Original Target Completion Date	04/30/09
Revised Target Completion Date	12/31/11

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
Bond Proceeds	\$ 9,656,125		\$ 9,656,125	\$ 9,657,125
Total Revenue	9,656,125		9,656,125	9,657,125
Expenditures:				
Legal Services				74,735
Purchased Professional and Technical Services	514,828	\$ 14,790	529,618	1,021,502
Construction Services	8,301,605	129,770	8,431,375	8,223,388
Equipment	174,811		174,811	337,500
Total Expenditures	8,991,244	144,560	9,135,804	9,657,125
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 664,881	\$ (144,560)	\$ 520,321	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	09/26/06
Bonds Authorized	\$ 9,657,125
Bonds Issued	\$ 9,656,125
Original Authorized Cost	\$ 9,657,125
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 9,657,125

Percentage Increase over Original

Authorized Cost	0%
Percentage Completion	95%
Original Target Completion Date	04/30/09
Revised Target Completion Date	12/31/11

PROPRIETARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Field Rental/ Joint Facilities</u>	<u>Family Science</u>	<u>Food Service</u>	<u>Totals</u>
<u>ASSETS:</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 226,835		\$ 222,314	\$ 449,149
Intergovernmental Accounts Receivable:				
State			78	78
Federal			712	712
Other Accounts Receivable			7,120	7,120
Inventories			10,972	10,972
Total Current Assets	226,835		241,196	468,031
Non-Current Assets:				
Capital Assets			148,867	148,867
Less: Accumulated Depreciation			(99,341)	(99,341)
Total Non-Current Assets			49,526	49,526
Total Assets	226,835		290,722	517,557
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	15,126		111,346	126,472
Deferred Revenue			2,259	2,259
Total Current Liabilities	15,126		113,605	128,731
<u>NET ASSETS:</u>				
Investment in Capital Assets, Net of Related Debt			49,526	49,526
Unrestricted	211,709		127,591	339,300
Total Net Assets	\$ 211,709	\$ -0-	\$ 177,117	\$ 388,826

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Field Rental/ Joint Facilities</u>	<u>Family Science</u>	<u>Food Service</u>	<u>Totals</u>
Operating Revenue:				
Daily Sales:				
Reimbursable Programs			\$ 47,759	\$ 47,759
Non-Reimbursable Programs			497,735	497,735
Charges for Services:				
Program Fees	\$ 69,358			69,358
Special Events			58,888	58,888
Miscellaneous Revenue			27,157	27,157
Total Operating Revenue	<u>69,358</u>		<u>631,539</u>	<u>700,897</u>
Operating Expenses:				
Cost of Sales			192,058	192,058
Salaries			192,954	192,954
Employee Benefits & Payroll Taxes			50,461	50,461
Purchased Professional and Technical Services			16,941	16,941
Other Purchased Services			76,745	76,745
Cleaning, Repair and Maintenance Services	69,846			69,846
Supplies and Materials			37,913	37,913
Miscellaneous Expense			1,082	1,082
Depreciation Expense			7,720	7,720
Total Operating Expenses	<u>69,846</u>		<u>575,874</u>	<u>645,720</u>
Operating Income/(Loss)	<u>(488)</u>		<u>55,665</u>	<u>55,177</u>
Non-Operating Revenue:				
Local Sources:				
Interest Earnings			169	169
State Sources:				
State School Lunch Program			723	723
Federal Sources:				
National School Lunch Program			8,099	8,099
Food Distribution Program			4,719	4,719
Total Non-Operating Income			<u>13,710</u>	<u>13,710</u>
Change in Net Assets Before Other Financing Uses	<u>(488)</u>		<u>69,375</u>	<u>68,887</u>
Other Financing Uses:				
Residual Equity Transfer - General Fund		\$ (964)		(964)
Total Other Financing Uses		<u>(964)</u>		<u>(964)</u>
Change in Net Assets	(488)	(964)	69,375	67,923
Net Assets - Beginning of Year (As Restated)	<u>212,197</u>	<u>964</u>	<u>107,742</u>	<u>320,903</u>
Net Assets - End of Year	<u>\$ 211,709</u>	<u>\$ -0-</u>	<u>\$ 177,117</u>	<u>\$ 388,826</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Field Rental/ Joint Facilities</u>	<u>Family Science</u>	<u>Food Service</u>	<u>Totals</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 69,358		\$ 624,419	\$ 693,777
Payments to/for Employees			(243,415)	(243,415)
Payments to Suppliers	(58,786)		(257,188)	(315,974)
Net Cash Provided by Operating Activities	<u>10,572</u>		<u>123,816</u>	<u>134,388</u>
Cash Flows from Investment Activities:				
Interest Income			169	169
Net Cash Provided by Investment Activities			<u>169</u>	<u>169</u>
Cash Flows from Noncapital & Financing Activities:				
State Sources			691	691
Federal Sources			7,875	7,875
Residual Equity Transfer - General Fund		\$ (964)		(964)
Net Cash Provided/(Used) by/(for) Noncapital & Financing Activities		<u>(964)</u>	<u>8,566</u>	<u>7,602</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	10,572	(964)	132,551	142,159
Cash and Cash Equivalents, July 1	<u>216,263</u>	<u>964</u>	<u>89,763</u>	<u>306,990</u>
Cash and Cash Equivalents, June 30	<u>\$ 226,835</u>	<u>\$ -0-</u>	<u>\$ 222,314</u>	<u>\$ 449,149</u>
Reconciliation of Operating Income to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (488)		\$ 55,665	\$ 55,177
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation			7,720	7,720
Food Distribution Program			4,719	4,719
Changes in Assets and Liabilities:				
(Increase) in Other Accounts Receivable			(7,120)	(7,120)
(Increase) in Inventory			(7,895)	(7,895)
Increase in Accounts Payable	11,060		68,495	79,555
Increase in Deferred Revenue			2,232	2,232
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 10,572</u>	<u>\$ -0-</u>	<u>\$ 123,816</u>	<u>\$ 134,388</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program Valued at \$6,951 and Utilized Commodities Valued at \$4,719.

FIDUCIARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Student</u>	<u>Agency</u>		<u>Unemployment</u>	<u>Flex</u>	<u>Private Purpose</u>
	<u>Activity</u>	<u>Payroll</u>	<u>Totals</u>	<u>Compensation</u>	<u>Spending</u>	<u>Scholarships</u>
				<u>Trust</u>	<u>Trust</u>	<u>Trust</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 353,741	\$ 421,340	\$ 775,081	\$ 533,396	\$ 55,497	\$ 8,308
Total Assets	<u>353,741</u>	<u>421,340</u>	<u>775,081</u>	<u>533,396</u>	<u>55,497</u>	<u>8,308</u>
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings Due to Student Groups	353,741	421,340	421,340 353,741			
Total Liabilities	<u>353,741</u>	<u>421,340</u>	<u>775,081</u>			
<u>NET ASSETS:</u>						
Held in Trust for:						
Unemployment Claims				533,396		
Flex Spending Claims					55,497	
Scholarships						8,308
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 533,396</u>	<u>\$ 55,497</u>	<u>\$ 8,308</u>

Exhibit H-2

MILLBURN TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 64,767	\$ 185,940	
Donations			\$ 50
Total Contributions	<u>64,767</u>	<u>185,940</u>	<u>50</u>
Investment Earnings:			
Interest			2
Net Investment Earnings			<u>2</u>
Total Additions	<u>64,767</u>	<u>185,940</u>	<u>52</u>
DEDUCTIONS:			
Unemployment Benefit Claims	239,035		
Flex Spending Claims		214,498	
Scholarships Awarded			300
Total Deductions	<u>239,035</u>	<u>214,498</u>	<u>300</u>
Change in Net Assets	(174,268)	(28,558)	(248)
Net Assets - Beginning of the Year	<u>707,664</u>	<u>84,055</u>	<u>8,556</u>
Net Assets - End of the Year	<u>\$ 533,396</u>	<u>\$ 55,497</u>	<u>\$ 8,308</u>

Exhibit H-3

MILLBURN TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 301,217	\$ 858,228	\$ 805,704	\$ 353,741
Total Assets	<u>\$ 301,217</u>	<u>\$ 858,228</u>	<u>\$ 805,704</u>	<u>\$ 353,741</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 301,217	\$ 858,228	\$ 805,704	\$ 353,741
Total Liabilities	<u>\$ 301,217</u>	<u>\$ 858,228</u>	<u>\$ 805,704</u>	<u>\$ 353,741</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 449,739	\$ 56,922,660	\$ 56,951,059	\$ 421,340
Total Assets	<u>\$ 449,739</u>	<u>\$ 56,922,660</u>	<u>\$ 56,951,059</u>	<u>\$ 421,340</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 449,739	\$ 56,922,660	\$ 56,951,059	\$ 421,340
Total Liabilities	<u>\$ 449,739</u>	<u>\$ 56,922,660</u>	<u>\$ 56,951,059</u>	<u>\$ 421,340</u>

LONG-TERM DEBT

TOWNSHIP OF MILLBURN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2010	Retired or Matured	Balance June 30, 2011
			Date	Amount				
School Bonds	07/15/95	\$ 22,420,000	7/15/11-18	\$ 1,150,000	5.350%	\$ 11,499,000	\$ 1,150,000	\$ 10,349,000
			07/15/19	1,149,000	5.350%			
School Bonds	07/15/01	12,555,000				575,000	575,000	
School Bonds	03/15/03	12,440,000	09/15/11	560,000	4.000%	9,620,000	540,000	9,080,000
			09/15/12	580,000	4.000%			
			09/15/13	605,000	4.000%			
			09/15/14	630,000	4.000%			
			09/15/15	655,000	4.000%			
			09/15/16	680,000	4.000%			
			09/15/17	705,000	4.000%			
			09/15/18	730,000	4.000%			
			09/15/19	755,000	4.000%			
			09/15/20	780,000	4.000%			
			09/15/21	805,000	4.000%			
			09/15/22	820,000	4.000%			
			09/15/23	775,000	4.000%			
Refunding Bonds	12/12/06	9,180,000	01/15/12	705,000	3.700%			
			01/15/13	745,000	3.700%			
			01/15/14	790,000	3.700%			

TOWNSHIP OF MILLBURN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2010	Retired or Matured	Balance June 30, 2011
			Date	Amount				
Refunding Bonds	12/12/06	\$ 9,180,000	01/15/15	835,000	3.700%	\$ 8,895,000	\$ 50,000	\$ 8,845,000
			01/15/16	840,000	3.700%			
			01/15/17	840,000	3.700%			
			01/15/18	835,000	3.700%			
			01/15/19	830,000	3.700%			
			01/15/20	820,000	3.700%			
			01/15/21	810,000	3.700%			
			01/15/22	795,000	3.700%			
School Bonds	01/30/07	21,300,000	7/15/11-13	750,000	4.125%	19,800,000	750,000	19,050,000
			7/15/14-15	750,000	4.250%			
			07/15/16	850,000	4.250%			
			07/15/17	950,000	4.250%			
			07/15/18	1,100,000	4.250%			
			07/15/19	1,150,000	4.250%			
			07/15/20	1,150,000	4.250%			
			7/15/21-22	1,300,000	4.250%			
7/15/23-27	1,500,000	4.250%						
						<u>19,800,000</u>	<u>750,000</u>	<u>19,050,000</u>
						<u>\$ 50,389,000</u>	<u>\$ 3,065,000</u>	<u>\$ 47,324,000</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,172,672		\$ 4,172,672	\$ 4,172,672	
State Sources:					
Debt Service Aid Type II	263,766		263,766	263,766	
Total Revenues	<u>4,436,438</u>		<u>4,436,438</u>	<u>4,436,438</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	2,136,280		2,136,280	2,136,280	
Redemption of Principal	3,065,000		3,065,000	3,065,000	
Total Expenditures	<u>5,201,280</u>		<u>5,201,280</u>	<u>5,201,280</u>	
Deficit of Revenues Under Expenditures	(764,842)		(764,842)	(764,842)	
Other Financing Sources/(Uses):					
Transfer from Capital Projects Fund:					
Interest Earned				1,677	\$ 1,677
Unexpended Bond Proceeds				753,016	753,016
Total Other Financing Sources/(Uses)				<u>754,693</u>	<u>754,693</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(764,842)		(764,842)	(10,149)	754,693
Fund Balance, July 1	768,781		768,781	768,781	
Fund Balance, June 30	<u>\$ 3,939</u>	<u>\$ -0-</u>	<u>\$ 3,939</u>	<u>\$ 758,632</u>	<u>\$ 754,693</u>
Recapitulation:					
Restricted - Designated for Subsequent Year's Expenditures				\$ 758,381	
Restricted				251	
Total Restricted Fund Balance				<u>\$ 758,632</u>	

STATISTICAL SECTION

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	(Restated) 2010	2011
Governmental Activities:							
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ 10,124,685	\$ (5,625,770)	\$ (24,147,635)	\$ (17,611,260)	\$ (3,021,858)	\$ 898,853	\$ 2,738,433
Restricted	6,437,169	5,995,271	7,244,083	23,208,144	14,793,320	11,590,387	10,920,185
Unrestricted/(Deficit)	442,231	424,091	21,034,071	1,114,456	(258,791)	606,999	(497,260)
Total Governmental Activities Net Assets	\$ 17,004,085	\$ 793,592	\$ 4,130,519	\$ 6,711,340	\$ 11,512,671	\$ 13,096,239	\$ 13,161,358
Business-type Activities:							
Invested in Capital Assets, Net of Related Debt Unrestricted	\$ 8,107	\$ 6,636	\$ 5,164	\$ 3,693	\$ 69,028	\$ 57,246	\$ 49,526
Unrestricted	150,816	166,964	204,865	244,540	237,062	263,657	339,300
Total Business-type Activities Net Assets	\$ 158,923	\$ 173,600	\$ 210,029	\$ 248,233	\$ 306,090	\$ 320,903	\$ 388,826
District-wide:							
Invested (Deficit) in Capital Assets, Net of Related Debt	\$ 10,132,792	\$ (5,619,134)	\$ (24,142,471)	\$ (17,607,567)	\$ (2,952,830)	\$ 956,099	\$ 2,787,959
Restricted	6,437,169	5,995,271	7,244,083	23,208,144	14,793,320	11,590,387	10,920,185
Unrestricted/(Deficit)	593,047	591,055	21,238,936	1,358,996	(21,729)	870,656	(157,960)
Total District Net Assets	\$ 17,163,008	\$ 967,192	\$ 4,340,548	\$ 6,959,573	\$ 11,818,761	\$ 13,417,142	\$ 13,550,184

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

Expenses:	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:							
Instruction:							
Regular	\$ 29,497,381	\$ 31,434,454	\$ 34,829,654	\$ 36,205,963	\$ 36,900,204	\$ 39,152,259	\$ 39,357,744
Special Education	4,720,654	5,104,534	5,731,175	5,997,331	6,045,526	6,664,958	6,636,844
Other Special Education						1,076,746	1,024,324
Other Instruction	2,323,227	2,406,254	2,723,836	2,871,361	2,865,518	1,895,324	1,778,563
Support Services:							
Tuition	2,196,072	2,162,831	2,314,069	1,970,740	1,985,622	1,914,671	1,795,136
Student & Instruction Related Services	11,392,174	12,135,407	13,535,358	14,238,145	14,049,547	14,136,561	13,231,475
General & Business Administrative Services	2,970,153	3,020,558	2,829,711	3,007,515	3,118,998		
General Administrative Services						1,148,162	1,045,625
School Administrative Services	3,291,593	3,341,569	3,638,578	3,781,327	3,703,873	3,808,743	4,242,723
Central Services						1,330,633	1,561,666
Administrative Information Technology						645,708	607,962
Plant Operations and Maintenance	5,928,733	6,138,208	6,291,651	6,857,762	7,426,762	7,172,703	7,352,183
Pupil Transportation	2,517,074	2,568,252	2,702,958	2,808,707	2,924,577	2,944,693	2,814,772
Capital Outlay						90,302	10,853
Interest on Long-term Debt	2,014,407	1,878,217	1,914,971	2,487,751	2,355,693	2,202,024	2,088,810
Unallocated Depreciation							53,260
Total Governmental Activities Expenses	66,851,468	70,190,284	76,511,961	80,226,602	81,376,320	84,183,487	83,601,940
Business-type Activities:							
Food Service	655,304	604,396	651,088	660,573	672,736	561,115	575,874
Adult School	29,696	26,210	25,868	13,889	16,504		
Field Rental/Joint Facilities	18,533	45,547	26,810	20,303	29,842	25,960	69,846
Family Service	2,697	1,095	4,480				
Total Business-type Activities Expense	706,230	677,248	708,246	694,765	719,082	587,075	645,720
Total District-wide Expenses	\$ 67,557,698	\$ 70,867,532	\$ 77,220,207	\$ 80,921,367	\$ 82,095,402	\$ 84,770,562	\$ 84,247,660

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Program Revenues:							
Governmental Activities:							
Charges for Services:							
Pupil Transportation				\$ 22,113			
Operating Grants and Contributions	\$ 9,944,996	\$ 10,503,389	\$ 13,184,410	11,516,987	\$ 10,669,612	\$ 9,849,638	\$ 8,125,151
Total Governmental Activities Program Revenues	<u>9,944,996</u>	<u>10,503,389</u>	<u>13,184,410</u>	<u>11,539,100</u>	<u>10,669,612</u>	<u>9,849,638</u>	<u>8,125,151</u>
Business-type Activities:							
Charges for Services:							
Food Service	614,111	581,831	661,996	637,515	614,570	566,497	631,539
Adult School	35,319	21,648	20,853	24,895			
Field Rental/Joint Facilities	41,200	45,275	46,940	60,127	70,316	28,601	69,358
Family Service	3,150	1,125	4,500				
Operating Grants and Contributions	28,793	41,649	10,000			8,278	13,541
Total Business-type Activities Program Revenues	<u>722,573</u>	<u>691,528</u>	<u>744,289</u>	<u>722,537</u>	<u>684,886</u>	<u>603,376</u>	<u>714,438</u>
Total District-wide Program Revenues	<u>\$ 10,667,569</u>	<u>\$ 11,194,917</u>	<u>\$ 13,928,699</u>	<u>\$ 12,261,637</u>	<u>\$ 11,354,498</u>	<u>\$ 10,453,014</u>	<u>\$ 8,839,589</u>
Net (Expense)/Revenue:							
Governmental Activities	\$(56,906,472)	\$(59,686,895)	\$(63,327,551)	\$(68,687,502)	\$(70,706,708)	\$(74,333,849)	\$(75,476,789)
Business-type Activities	16,343	14,280	36,043	27,772	(34,196)	16,301	68,718
Total District-wide Net Expense	<u>\$(56,890,129)</u>	<u>\$(59,672,615)</u>	<u>\$(63,291,508)</u>	<u>\$(68,659,730)</u>	<u>\$(70,740,904)</u>	<u>\$(74,317,548)</u>	<u>\$(75,408,071)</u>
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 56,172,922	\$ 57,753,521	\$ 62,055,799	\$ 65,038,578	\$ 67,755,037	\$ 69,105,645	\$ 70,487,758
Taxes Levied for Debt Service	1,729,924	1,811,994	1,761,597	3,954,570	4,447,812	4,593,643	4,172,672
Unrestricted Grants and Contributions	564,508	708,022	1,785,764	699,140	129,153	537,235	288,891

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Tuition	\$ 122,532	\$ 190,797	\$ 159,625	\$ 179,283	\$ 169,993	\$ 305,093	\$ 479,353
Investment Earnings	323,537	562,153	1,190,255	1,261,841	537,058	49,386	19,499
Miscellaneous Income	152,049	173,068	228,741	185,424	940,305	201,503	92,771
N.J. Economic Development Authority Grants	394,000		(235,501)				
Transfers	(10,000)	(10,000)	(10,000)	(10,000)	(25,000)		964
Refunding Bonds, Net			(555,000)				
Adjustments to Capital Assets		(17,713,153)	283,198	(40,514)	(274,477)		
Cancellation of SDA Grant Receivable						(136,816)	
Total Governmental Activities	<u>59,451,477</u>	<u>43,476,402</u>	<u>66,664,478</u>	<u>71,268,322</u>	<u>73,681,890</u>	<u>74,657,699</u>	<u>75,541,908</u>
Business-type Activities:							
Investment Earnings	437	396	386	433	247	91	169
Transfers				10,000	25,000		(964)
Disposal of Capital Assets						(12,138)	
Total Business-type Activities	<u>437</u>	<u>396</u>	<u>386</u>	<u>10,433</u>	<u>25,247</u>	<u>(12,047)</u>	<u>(795)</u>
Total District-wide General Revenues and Other Changes in Net Assets	<u>\$ 59,451,914</u>	<u>\$ 43,476,798</u>	<u>\$ 66,664,864</u>	<u>\$ 71,278,755</u>	<u>\$ 73,707,137</u>	<u>\$ 74,645,652</u>	<u>\$ 75,541,113</u>
Change in Net Assets:							
Governmental Activities	\$ 2,545,005	\$(16,210,493)	\$ 3,336,927	\$ 2,580,820	\$ 2,975,182	\$ 323,850	\$ 65,119
Business-type Activities	16,780	14,676	36,429	38,205	(8,949)	4,254	67,923
Total District-wide Change in Net Assets	<u>\$ 2,561,785</u>	<u>\$(16,195,817)</u>	<u>\$ 3,373,356</u>	<u>\$ 2,619,025</u>	<u>\$ 2,966,233</u>	<u>\$ 328,104</u>	<u>\$ 133,042</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund:							
Reserved/Restricted	\$ 3,359,141	\$ 4,409,810	\$ 6,861,657	\$ 7,594,509	\$ 9,870,248	\$ 8,527,451	\$ 7,876,194
Assigned							978,492
Unassigned							1,749,628
Unreserved	<u>2,415,423</u>	<u>2,052,283</u>	<u>1,930,922</u>	<u>2,358,489</u>	<u>2,071,239</u>	<u>2,948,309</u>	
Total General Fund	<u><u>\$ 5,774,564</u></u>	<u><u>\$ 6,462,093</u></u>	<u><u>\$ 8,792,579</u></u>	<u><u>\$ 9,952,998</u></u>	<u><u>\$ 11,941,487</u></u>	<u><u>\$ 11,475,760</u></u>	<u><u>\$ 10,604,314</u></u>
All Other Governmental Funds:							
Reserved/Restricted		\$ 460,669	\$ 1,432,658	\$ 11,104,175	\$ 737,602	\$ 14,000	\$ 2,124,414
Committed							16,085
Unreserved, Reported in:							
Capital Projects Fund	\$ 2,792,242	1,198,134	19,788,850	4,900,165	3,786,806	2,280,155	
Debt Service Fund	<u>180,906</u>	<u>92,474</u>	<u>474,951</u>	<u>670,994</u>	<u>398,663</u>	<u>768,781</u>	
Total All Other Governmental Funds	<u><u>\$ 2,973,148</u></u>	<u><u>\$ 1,751,277</u></u>	<u><u>\$ 21,696,459</u></u>	<u><u>\$ 16,675,334</u></u>	<u><u>\$ 4,923,071</u></u>	<u><u>\$ 3,062,936</u></u>	<u><u>\$ 2,140,499</u></u>
Total Governmental Funds	<u><u>\$ 8,747,712</u></u>	<u><u>\$ 8,213,370</u></u>	<u><u>\$ 30,489,038</u></u>	<u><u>\$ 26,628,332</u></u>	<u><u>\$ 16,864,558</u></u>	<u><u>\$ 14,538,696</u></u>	<u><u>\$ 12,744,813</u></u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Revenues:							
Tax Levy	\$59,915,199	\$61,441,644	\$65,730,269	\$68,993,148	\$72,202,849	\$73,699,288	\$74,660,430
Tuition Charges	122,532	190,797	159,625	179,283	169,993	305,093	479,353
Interest Earnings	323,537	562,153	1,190,255	1,261,841	537,058	3,490	1,640
Miscellaneous	320,616	649,839	1,509,952	239,755	974,851	308,204	217,205
State Sources	7,576,556	7,974,539	10,636,094	11,006,084	9,611,465	8,829,795	6,978,956
Federal Sources	752,028	883,972	1,139,997	1,177,826	1,152,754	1,496,273	1,328,512
Total Revenue	69,010,468	71,702,944	80,366,192	82,857,937	84,648,970	84,642,143	83,666,096
Expenditures:							
Instruction:							
Regular Instruction	22,301,199	23,469,666	25,145,724	25,518,261	27,068,230	27,829,367	28,236,787
Special Education Instruction	3,659,112	3,857,419	4,181,089	4,351,880	4,489,771	4,866,101	4,769,489
Other Special Instruction						1,080,027	1,025,731
School-Sponsored/Other Instruction	1,974,166	2,052,571	2,264,407	2,389,580	2,423,790	1,386,685	1,303,208
Support Services:							
Tuition	2,196,072	2,162,831	2,314,069	1,970,740	1,985,621	1,914,671	1,795,136
Student & Other Instruction Related Services	8,851,348	9,399,587	10,118,486	10,508,308	10,470,248	10,193,209	9,446,867
General & Business Administrative Services	2,489,628	2,526,638	2,260,260				
General Administrative Services				881,777	950,705	978,546	878,662
School Administrative Services	2,551,982	2,624,138	2,746,615	2,773,342	2,791,601	2,866,129	3,137,921
Central Services				882,253	897,867	801,433	889,314
Administrative Information Technology				632,772	670,977	645,708	607,962
Plant Operations and Maintenance	5,051,567	5,290,209	5,348,487	5,699,642	6,215,237	5,734,554	5,720,833
Student Transportation	2,214,581	2,252,248	2,354,347	2,456,206	2,517,903	2,504,917	2,377,917
Unallocated Benefits	12,195,905	13,176,997	16,238,353	18,036,358	17,195,193	19,309,561	19,509,798

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenditures:							
Capital Outlay	\$10,128,645	\$ 1,601,485	\$ 2,445,728	\$ 6,021,240	\$ 12,555,435	\$ 1,423,188	\$ 560,038
Debt Service:							
Principal	1,825,000	1,850,000	2,095,000	2,110,000	2,955,000	3,020,000	3,065,000
Interest and Other Charges	1,986,049	1,964,498	1,632,457	2,476,284	2,415,369	2,277,093	2,136,280
Total Expenditures	<u>77,427,259</u>	<u>72,230,293</u>	<u>79,147,029</u>	<u>86,710,651</u>	<u>95,604,956</u>	<u>86,833,199</u>	<u>85,460,943</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(8,416,791)</u>	<u>(527,349)</u>	<u>1,219,163</u>	<u>(3,852,714)</u>	<u>(10,955,986)</u>	<u>(2,191,056)</u>	<u>(1,794,847)</u>
Other Financing Sources/(Uses):							
Long Term Debt Issued			21,300,000				
NJEDA/SDA Grants	394,000		(235,501)			(136,816)	
Transfers	(10,000)	(10,000)	(10,000)	(10,000)	(25,000)		964
Total Other Financing Sources/(Uses)	<u>384,000</u>	<u>(10,000)</u>	<u>21,054,499</u>	<u>(10,000)</u>	<u>(25,000)</u>	<u>(136,816)</u>	<u>964</u>
Net Change in Fund Balances	<u>\$ (8,032,791)</u>	<u>\$ (537,349)</u>	<u>\$22,273,662</u>	<u>\$ (3,862,714)</u>	<u>\$ (10,980,986)</u>	<u>\$ (2,327,872)</u>	<u>\$ (1,793,883)</u>
Debt Service as a % of Noncapital Expenditures	<u>5.66%</u>	<u>5.40%</u>	<u>4.86%</u>	<u>5.68%</u>	<u>6.47%</u>	<u>6.20%</u>	<u>6.13%</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Financial Reports.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>from</u> <u>Other LEAs</u>	<u>Pre-School</u> <u>Tuition</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 103,012	\$ 73,656		\$ 68,875	\$ 46,299	\$ 6,111	\$ 297,953
2003	68,467	115,148		67,930	10,178	85,432	347,155
2004	86,384	115,392		80,781	10,191	8,756	301,504
2005	233,120	122,532		64,877	38,794	48,221	507,544
2006	526,300	190,797		69,097	54,943	49,028	890,165
2007	760,305	159,625		30,463	88,080	106,782	1,145,255
2008	600,704	179,283		80,386	96,134	29,246	985,753
2009	211,326	169,993		36,631	227,036	13,038	658,024
2010	42,268	305,093		25,364	74,452	101,687	548,864
2011	17,822	344,740	\$ 134,613	12,166	77,735	2,870	589,946

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended Dec. 31	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2001	\$ 9,243,800	\$ 1,341,315,000	\$ -0-	\$ -0-	\$ 325,697,700	\$ 23,562,800	\$ 16,713,000	\$ 1,716,532,300	\$ 2,551,000	\$ 1,719,083,300	\$ 153,929,500	\$ 2.32	\$ 5,343,746,658
2002 *	37,889,900	4,651,724,300	-0-	-0-	1,107,182,800	39,127,100	53,204,200	5,889,128,300	7,903,700	5,897,032,000	416,210,100	0.78	5,899,981,991
2003	35,475,200	4,689,783,700	-0-	-0-	1,102,369,700	38,800,100	53,204,200	5,919,632,900	7,618,243	5,927,251,143	416,957,800	0.89	6,441,264,011
2004	24,829,200	4,709,639,800	-0-	-0-	1,095,337,500	38,737,300	52,751,500	5,921,295,300	6,860,435	5,928,155,735	424,168,500	0.98	6,979,496,633
2005	38,494,800	4,769,923,800	-0-	-0-	1,056,553,000	38,446,400	52,560,200	5,955,978,200	6,490,169	5,962,468,369	424,185,500	1.02	7,608,355,709
2006	50,871,500	4,783,426,000	-0-	-0-	992,953,900	38,646,400	52,560,200	5,918,458,000	5,681,047	5,924,139,047	426,681,000	1.08	7,582,715,571
2007 *	50,171,400	6,700,006,700	-0-	-0-	1,499,525,400	46,886,300	69,207,300	8,365,797,100	6,674,924	8,372,472,024	482,732,800	0.81	8,220,328,641
2008	53,816,500	6,711,349,000	-0-	-0-	1,421,030,800	48,538,600	69,207,300	8,303,942,200	6,894,255	8,310,836,455	482,317,100	0.85	8,642,624,056
2009	44,464,600	6,718,098,500	-0-	-0-	1,367,681,100	48,538,600	67,973,200	8,246,756,000	7,848,236	8,254,604,236	494,661,700	0.88	8,995,863,378
2010	41,703,600	6,697,058,100	-0-	-0-	1,359,551,000	46,725,400	64,966,900	8,210,005,000	8,868,128	8,218,873,128	496,767,900	0.90	8,983,668,604

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

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

^b Tax rates are per \$100 of assessed value.

* Revaluation became effective in this year.

MILLBURN TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Millburn Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General Obligation		Total	Millburn	Essex	
	Basic Rate ^a	Debt Service ^b	Direct	Township	County	
2001	\$ 2.32		\$ 2.32	\$ 1.07	\$ 1.85	\$ 5.24
2002	* 0.74	\$ 0.04	0.78	0.33	0.57	1.68
2003	0.84	0.05	0.89	0.38	0.59	1.86
2004	0.92	0.06	0.98	0.42	0.57	1.97
2005	0.96	0.06	1.02	0.47	0.56	2.05
2006	1.02	0.06	1.08	0.50	0.54	2.12
2007	* 0.77	0.05	0.81	0.39	0.38	1.58
2008	0.79	0.06	0.85	0.42	0.40	1.67
2009	0.83	0.05	0.88	0.44	0.43	1.75
2010	0.85	0.05	0.90	0.45	0.44	1.79

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b Rates for debt service are based on each year's requirements.

* Revaluation became effective in this year.

Source: Millburn Township Tax Collector and School Business Administrator.

MILLBURN TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2010</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Short Hills Association, LLC C/O Taubman	\$ 720,000,000	1	8.72%
Short Hills Hilton LLC	75,960,000	2	0.92%
Reckson Short Hills LLC	64,161,100	3	0.78%
101/103 JFK Parkway Special LLC Corp	50,000,000	4	0.61%
Mack- Cali Realty Corp	38,705,200	5	0.47%
Prima III LLC/ Bollard Group	19,857,700	6	0.24%
Cande Brook Country Club	19,385,000	7	0.23%
Stone Mountain Properties	17,840,700	8	0.22%
A&R Millburn Associates/ Ackerman	17,223,100	9	0.21%
MSS Millburn Realty Co.	17,193,900	10	0.21%
Total	<u>\$ 1,040,326,700</u>		<u>12.60%</u>

<u>Taxpayer</u>	<u>2001</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>

INFORMATION NOT AVAILABLE

MILLBURN TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2003	\$ 49,916,048	\$ 49,916,048	100.00%	\$ -0-
2004	54,638,197	54,638,197	100.00%	-0-
2005	59,915,199	59,915,199	100.00%	-0-
2006	61,441,644	61,441,644	100.00%	-0-
2007	65,730,269	65,730,269	100.00%	-0-
2008	68,993,148	68,993,148	100.00%	-0-
2009	72,202,849	72,202,849	100.00%	-0-
2010	73,699,288	73,699,288	100.00%	-0-
2011	74,660,430	74,660,430	100.00%	-0-

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

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

Exhibit J-10

MILLBURN TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Bond Anticipation Notes (BANs)			
2002	\$ 32,223,000	\$ -0-	\$ 32,223,000	4.32%	\$ 1,640
2003	43,729,000	-0-	43,729,000	5.75%	2,242
2004	42,389,000	-0-	42,389,000	5.26%	2,197
2005	40,564,000	4,600,000	45,164,000	5.43%	2,369
2006	38,714,000	600,000	39,314,000	4.37%	2,091
2007	58,474,000	-0-	58,474,000	6.27%	3,144
2008	56,364,000	-0-	56,364,000	5.88%	3,051
2009	53,409,000	-0-	53,409,000	5.72%	2,880
2010	50,389,000	-0-	50,389,000	5.26%	2,717
2011	47,324,000	-0-	47,324,000	4.94%	2,552

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 32,223,000	\$ -0-	\$ 32,223,000	1.87%	\$ 1,640
2003	43,729,000	-0-	43,729,000	0.74%	2,242
2004	42,389,000	-0-	42,389,000	0.72%	2,197
2005	40,564,000	-0-	40,564,000	0.68%	2,128
2006	38,714,000	-0-	38,714,000	0.65%	2,059
2007	58,474,000	-0-	58,474,000	0.99%	3,144
2008	56,364,000	-0-	56,364,000	0.67%	3,051
2009	53,409,000	-0-	53,409,000	0.64%	2,880
2010	50,389,000	-0-	50,389,000	0.61%	2,717
2011	47,324,000	-0-	47,324,000	0.58%	2,552

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

MILLBURN TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Township of Millburn	\$ 13,446,406	100.000%	\$ 13,446,406
Essex County General Obligation Debt	326,914,353	9.321%	<u>30,472,988</u>
Subtotal, Overlapping Debt			43,919,394
Millburn Township School District Direct Debt			<u>47,324,000</u>
Total Direct and Overlapping Debt			<u>\$ 91,243,394</u>

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

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

Sources: Assessed value data used to estimate applicable percentages provided by the Essex County Board of Taxation; debt outstanding data provided by each governmental unit.

MILLBURN TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST NINE FISCAL YEARS
UNAUDITED

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 205,283,424	\$ 235,478,351	\$ 257,286,568	\$ 280,059,900	\$ 302,430,897	\$ 325,056,078	\$ 346,075,249	\$ 357,761,922	\$ 359,738,783
Total Net Debt Applicable to Limit	43,729,000	42,389,000	40,564,000	38,714,000	58,474,000	56,364,000	53,409,000	50,389,000	47,324,000
Legal Debt Margin	<u>\$ 161,554,424</u>	<u>\$ 193,089,351</u>	<u>\$ 216,722,568</u>	<u>\$ 241,345,900</u>	<u>\$ 243,956,897</u>	<u>\$ 268,692,078</u>	<u>\$ 292,666,249</u>	<u>\$ 307,372,922</u>	<u>\$ 312,414,783</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	21.30%	18.00%	15.77%	13.82%	19.33%	17.34%	15.43%	14.08%	13.16%

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2010	\$ 8,816,586,125
2009	8,987,310,375
2008	<u>9,176,512,260</u>
	<u>\$26,980,408,760</u>
Average Equalized Valuation of Taxable Property	\$ 8,993,469,587
Debt Limit (4% of average equalization value) ^a	359,738,783
Net Bonded School Debt	<u>47,324,000</u>
Legal Debt Margin	<u>\$ 312,414,783</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts.

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Essex County Per Capita Personal Income ^b	Millburn Township Personal Income ^c	Unemployment Rate ^d
2002	19,644	\$ 37,988	\$ 746,236,272	1.80%
2003	19,508	38,980	760,421,840	1.80%
2004	19,298	41,737	805,440,626	1.50%
2005	19,062	43,649	832,037,238	2.00%
2006	18,802	47,837	899,431,274	2.10%
2007	18,598	50,146	932,615,308	1.90%
2008	18,476	51,924	959,347,824	2.40%
2009	18,547	50,349	933,822,903	4.80%
2010	18,547 **	51,617 *	957,340,499	4.80%
2011	18,547 **	51,617 *	957,340,499	N/A

* - Latest Essex County per capita personal income available (2009) was used for calculation purposes.

** - Latest population data available (2009) was used for calculation purposes.

N/A - Information is not available.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

MILLBURN TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF ESSEX
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Employer</u>	<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Verizon Communications	18,000	1	5.47%
Continental Airlines	14,000	2	4.25%
PSE&G	10,300	3	3.13%
Prudential Financial	8,119	4	2.47%
JP Morgan Chase	5,300	5	1.61%
Horizon Blue Cross Shield of NJ	4,808	6	1.46%
ADP	4,666	7	1.42%
Roche	3,715	8	1.13%
KPMG	2,265	9	0.69%
Ricoh American Corp	1,400	10	0.43%
	<u>72,573</u>		<u>22.05%</u>
Total Employment	<u>329,123</u>		
<u>Employer</u>	<u>2000</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>

INFORMATION NOT AVAILABLE

MILLBURN TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST SIX FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction:						
Regular	337	339	344	350	353	337
Special education	49	52	52	55	54	58
Other instruction	11	12	12	12	12	12
Support Services:						
Student & Instruction Related Services	142	148	147	150	146	132
School Administration	30	30	29	29	29	31
General Administration	4	4	4	4	4	4
Plant Operations and Maintenance	128	136	133	134	132	130
Pupil Transportation	19	19	17	18	17	16
Food Service	18	18	18	19	19	19
Total	<u>738</u>	<u>758</u>	<u>756</u>	<u>771</u>	<u>766</u>	<u>739</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Personnel Records.

MILLBURN TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST SEVEN FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	Senior High School				
2005	4,421	\$ 63,487,565	\$14,360	6.96%	362	1:20	1:23	1:20	4,421	4,191	0.00%	94.80%
2006	4,573	66,814,310	14,611	1.74%	370	1:20	1:23	1:20	4,573	4,330	3.44%	94.69%
2007	4,583	72,973,844	15,923	8.98%	377	1:20	1:23	1:20	4,583	4,348	0.22%	94.87%
2008	4,669	76,103,127	16,300	2.37%	380	1:20	1:23	1:21	4,669	4,436	1.88%	95.01%
2009	4,770	77,679,152	16,285	-0.09%	388	1:20	1:23	1:21	4,770	4,521	2.16%	94.78%
2010	4,818	80,112,918	16,628	2.11%	397	1:20	1:20	1:22	4,818	4,580	1.01%	95.06%
2011	4,927	79,699,625	16,176	-2.72%	394	1:20	1:20	1:23	4,927	4,681	2.26%	95.01%

Note: Enrollment based on annual October District count.

^a Operating expenditures equal total expenditures less debt service and capital outlay.

^b Cost Per Pupil calculated above is the sum of operating expenditures divided by enrollment. This may be different from the State's Cost Per Pupil calculations.

^c Teaching staff includes only full-time equivalents of certificated staff.

^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District records.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SIX FISCAL YEARS
UNAUDITED

District Building	2006	2007	2008	2009	2010	2011
Deerfield Elementary School (1962)						
Square Feet	70,084	70,084	70,084	70,084	70,084	70,084
Capacity (Students)	500	500	500	500	500	500
Enrollment	522	507	492	488	481	517
Glenwood Elementary School (1938)						
Square Feet	49,243	49,243	49,243	49,243	49,243	49,243
Capacity (Students)	425	425	425	425	425	425
Enrollment	448	475	502	516	529	490
Hartshorn Elementary School (1958)						
Square Feet	67,999	67,999	67,999	67,999	67,999	67,999
Capacity (Students)	513	513	513	513	513	513
Enrollment	569	558	540	527	504	537
South Mountain Elementary School (1935)						
Square Feet	49,358	49,358	49,358	49,358	49,358	49,358
Capacity (Students)	348	348	348	348	348	348
Enrollment	353	370	362	357	375	393
Wyoming Elementary School (1927)						
Square Feet	58,242	58,242	58,242	58,242	58,242	58,242
Capacity (Students)	343	343	343	343	343	343
Enrollment	328	328	305	305	341	344
Millburn Middle School (1930)						
Square Feet	146,699	146,699	146,699	146,699	181,908	181,908
Capacity (Students)	966	966	966	966	1,094	1,094
Enrollment	1,070	1,064	1,056	1,116	1,111	1,157
Millburn High School (1955)						
Square Feet	201,858	201,858	201,858	201,858	227,619	227,619
Capacity (Students)	1,394	1,394	1,394	1,394	1,763	1,763
Enrollment	1,283	1,287	1,379	1,392	1,406	1,489
Education Center/Board Office (1968)						
Square Feet	14,375	14,375	14,375	14,375	14,375	14,375
Maintenance Building (1968)						
Square Feet	4,500	4,500	4,500	4,500	4,500	4,500

Number of Schools at June 30, 2010:

Elementary = 5
Middle School = 1
High School = 1
Other = 2

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Facilities Office.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities*
 Account Number 11-000-261-XXX

Fiscal Year Ended June 30,	Deerfield Elementary School	Glenwood Elementary School	Hartshorn Elementary School	South Mountain Elementary School	Wyoming Elementary School	Millburn Middle School	Millburn High School	Education Center	Total
2002	\$ 87,784	\$ 69,296	\$ 109,794	\$ 73,926	\$ 86,134	\$ 217,940	\$ 307,414		\$ 952,288
2003	47,338	50,404	78,633	57,602	69,717	165,463	202,934		672,091
2004	45,258	83,550	51,409	65,283	84,827	108,987	208,987		648,301
2005	80,368	56,692	114,717	72,066	64,298	167,616	228,208		783,965
2006	70,389	118,429	100,318	72,089	77,305	182,365	238,665		859,560
2007	80,520	83,628	79,426	53,974	81,189	180,342	259,444		818,523
2008	81,222	87,343	80,313	64,212	78,485	198,101	322,487		912,163
2009	106,418	84,945	99,414	91,679	96,403	232,091	248,369		959,319
2010	98,194	71,325	85,400	58,876	86,586	219,983	240,492	\$ 22,686	883,542
2011	84,344	99,432	94,342	64,774	73,278	131,993	242,467	27,498	818,128

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

Source: Millburn Township School District records.

MILLBURN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2011
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group:		
Commercial Package:		
Property Coverage:		
Building and Contents	\$ 133,838,165	\$ 1,000
Water Damage	250,000	1,000
Computers, Software, Cameras, Musical Instruments	10,000 to	1,250
	3,500,000	
Crime (Employee Dishonesty)	100,000	
General Liability:		
Aggregate	3,000,000	
Occurrence	1,000,000	
Board Members, School District & Educators		
Legal Liability, Extended Coverage		
Aggregate	1,000,000	
Occurrence	2,000,000	10,000
Automobile:		
Liability	1,000,000	
Comprehensive	Actual Cash Value	500
Collision	Actual Cash Value	1,000
Umbrella Liability	15,000,000	10,000
Fireman's Fund Insurance Company:		
Excess Umbrella Liability	50,000,000	15,000,000
Markel Insurance Company:		
Volunteer Accident- Aggregate	1,000,000	
Accident Medical Expense	10,000	
Accidental Death & Dismemberment	5,000	
Pooled Insurance Program of New Jersey:		
Workers' Compensation	First 350,000	of each claim
Star Insurance Company:		
Workers' Compensation - Excess over \$350,000:	Statutory	
Employer's Liability	1,000,000	
Student Athletic Accident:		
Voluntary Student Coverage Excluding Interscholastic Athletics	500,000	
Blanket Athletic Coverage Including All Interscholastic Sports and High School Football	5,000,000	
Public Official Bonds (Utica Mutual Insurance Company):		
School Business Administrator	249,000	
Treasurer	400,000	

Source: Millburn Township School District records.

SINGLE AUDIT SECTION



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Independent Auditors' 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*

The Honorable President and Members
 of the Board of Education
 Millburn Township School District
 County of Essex, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Millburn Township School District, in the County of Essex (the "Board") as of, and for the fiscal year ended, June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

The Honorable President and Members
of the Board of Education
Millburn Township School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter that we have reported to the Board in a separate report, the Auditors' Management Report on Administrative Findings – Financial, Compliance, and Performance, dated October 11, 2011.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with 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.

October 11, 2011
Mount Arlington, New Jersey

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04

The Honorable President and Members
 of the Board of Education
 Millburn Township School District
 County of Essex, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Millburn Township School District in the County of Essex (the "Board") 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 State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. The Board's major federal and state programs are identified in the summary of auditors' 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 the Board's management. Our responsibility is to express an opinion on the Board'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; audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey OMB Circular NJOMB 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Board'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 of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

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

The Honorable President and Members
of the Board of Education
Millburn Township School District
Page 2

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.

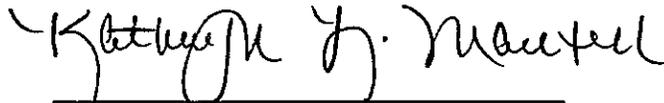
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



NISIVOCCIA, LLP

October 11, 2011
Mount Arlington, New Jersey



Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Cash Received	Budgetary Expendi- tures	Repayment of Prior Years' Balances	Balance at June 30, 2011	
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor				Budgetary Accounts Receivable	Budgetary Deferred Revenue
U.S. Department of Agriculture:												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/10-6/30/11	\$ 6,951			\$ 6,951	\$ (4,692)			\$ 2,259	
Food Distribution Program	10.555	N/A	7/1/09-6/30/10	68		\$ 27		(27)				
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	8,099			7,387	(8,099)		\$ (712)		
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	7,673	\$ (488)		488					
Total Child Nutrition Cluster/U.S. Department of Agriculture					(488)	27	14,826	(12,818)		(712)	2,259	
U.S. Department of Labor:												
Passed-through State Department of Education:												
American Recovery and Reinvestment Act												
COBRA Premium Assistance	17.151	N/A	7/1/10-6/30/11	12,219			11,204	(12,219)			(1,015)	
COBRA Premium Assistance	17.151	N/A	7/1/09-6/30/10	13,117	(7,894)		7,894					
Total U.S. Department of Labor					(7,894)		19,098	(12,219)		(1,015)		
U.S. Department of Education:												
Passed-through State Department of Education:												
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA359011	9/1/10-8/31/11	1,022,611			566,248	(795,418)			(229,170)	
I.D.E.A. Part B, Basic	84.027	IDEA359010	9/1/09-8/31/10	830,113	(117,876)		266,466	(148,590)				
I.D.E.A. Preschool	84.173	IDEA359011	9/1/10-8/31/11	41,372			20,814	(29,806)			(8,992)	
I.D.E.A. Preschool	84.173	IDEA359010	9/1/09-8/31/10	30,281	(7,529)		7,529					
I.D.E.A. Part B, Basic - ARRA	84.391	ARRA536011	7/1/09-8/31/11	1,053,776	(2,712)		218,733	(242,281)			(26,260)	
Total Special Education Cluster					(128,117)		1,079,790	(1,216,095)			(264,422)	
No Child Left Behind:												
Title IIA	84.367	NCLB359011	9/1/10-8/31/11	94,078			39,904	(62,736)			(22,832)	
Title IIA	84.367	NCLB359010	9/1/09-8/31/10	58,427	(8,606)		16,306	(7,700)				
Title III	84.365	NCLB359011	9/1/10-8/31/11	23,004			6,758	(15,551)			(8,793)	
Title III	84.365	NCLB359010	9/1/09-8/31/10	12,979	(5,799)		5,799					
Title III - Immigrant	84.365	NCLB359011	9/1/10-8/31/11	27,005			13,206	(18,046)			(4,840)	
Title III - Immigrant	84.365	NCLB359010	9/1/09-8/31/10	30,969	(13,057)		16,778	(3,721)				
Title IV	84.186	NCLB359011	9/1/10-8/31/11	6,896				(4,663)			(4,663)	
Title IV	84.186	NCLB359010	9/1/09-8/31/10	7,346	(4,755)		4,755					
Title V	84.298	NCLB359009	9/1/08-8/31/09	5,751		\$ 687				\$ (687)		
Title V	84.298	NCLB359008	9/1/07-8/31/08	6,609						(600)		
Total U.S. Department of Education					(160,334)		1,287	1,183,296	(1,328,512)	(1,287)	(305,550)	
Total Federal Awards					\$ (168,716)	\$ 27	\$ 1,287	\$ 1,217,220	\$ (1,353,549)	\$ (1,287)	\$ (307,277)	\$ 2,259

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund State Aid:												
Extraordinary Special Education Costs Aid	11-100-034-5120-473	7/1/10-6/30/11	\$ 730,447				\$ (730,447)		\$ (730,447)		\$ (730,447)	\$ 730,447
Excess Nonpublic Transportation Costs Reimbursed TPAF Social Security Contributions	11-495-034-5120-014	7/1/10-6/30/11	37,077				(37,077)		(37,077)		(37,077)	37,077
Special Education Aid Security Aid	11-495-034-5095-002	7/1/10-6/30/11	3,000,489			\$ 2,849,472	(3,000,489)		(151,017)		(151,017)	3,000,489
Transportation Aid	10-495-034-5120-089	7/1/09-6/30/10	1,355,619	\$ (145,335)		145,335						1,355,619
Extraordinary Special Education Costs Aid	10-495-034-5120-084	7/1/09-6/30/10	234,357	(25,125)		25,125						234,357
Excess Nonpublic Transportation Costs	10-495-034-5120-014	7/1/09-6/30/10	358,827	(38,470)		38,470						358,827
Reimbursed TPAF Social Security Contributions	10-100-034-5120-473	7/1/09-6/30/10	925,986	(925,986)		925,986						925,986
Excess Nonpublic Transportation Costs	10-495-034-5120-014	7/1/09-6/30/10	32,001	(32,001)		32,001						32,001
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	2,891,809	(145,697)		145,697						2,891,809
Subtotal - General Fund				(1,312,614)		4,162,086	(3,768,013)		(918,541)		(918,541)	9,566,612
Debt Service Fund Aid:												
Debt Service Aid - State Support	10-100-034-5120-125	7/1/10-6/30/11	263,766			263,766	(263,766)					263,766
Subtotal - Debt Service Fund						263,766	(263,766)					263,766
Special Revenue Fund Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	32,653			32,653	(21,350)		\$ 11,303			21,350
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	22,073		\$ 9,693			\$ (9,693)				12,380
English as a Second Language	11-100-034-5120-067	7/1/10-6/30/11	3,842			3,842				3,842		
Nonpublic Handicapped Services:												
Supplementary Instruction	11-100-034-5120-066	7/1/10-6/30/11	11,812			11,812	(6,740)			5,072		6,740
Supplementary Instruction	10-100-034-5120-066	7/1/09-6/30/10	14,336		5,815			(5,815)				8,521
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	40,681			40,681	(34,735)			5,946		34,735
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	49,319		11,747			(11,747)				37,572
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	42,399			42,399	(37,460)			4,939		37,460
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	52,442		9,325			(9,325)				43,117
N.J. Nonpublic Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	27,511			27,511	(25,548)			1,963		25,548
N.J. Nonpublic Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	33,527		7,979			(7,979)				25,548
N.J. Nonpublic Nursing Aid	11-100-034-5120-070	7/1/10-6/30/11	32,597			32,597	(32,597)					32,597
Subtotal - Special Revenue Fund					44,559	191,495	(158,430)	(44,559)		33,065		285,568

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>												
Food Service Fund:												
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	\$ 723			\$ 645	\$ (723)		\$ (78)		\$ (78)	\$ 723
State School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	564	\$ (46)		46						564
Subtotal - Food Service Fund				(46)		691	(723)		(78)		(78)	1,287
Total State Department of Education				\$ (1,312,660)	\$ 44,559	4,618,038	(4,190,932)	\$ (44,559)	(918,619)	\$ 33,065	(918,619)	10,117,233
<u>NJ Schools Development Authority:</u>												
Capital Projects Fund:												
Educational Facilities Construction and Financing Act:												
Glenwood Elementary School	SP202998	N/A	958,832	(186,972)					(186,972)		(186,972)	958,832
Millburn Senior High School	SP3190-050-04-00MC	N/A	360,076	(16,085)					(16,085)		(16,085)	360,076
Total NJ Schools Development Authority				(203,057)					(203,057)		(203,057)	1,318,908
Total State Awards				\$ (1,515,717)	\$ 44,559	\$ 4,618,038	\$ (4,190,932)	\$ (44,559)	\$ (1,121,676)	\$ 33,065	\$ (1,121,676)	\$ 11,436,141

N/A - Not Applicable/Available

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Millburn Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds 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 two prior year state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$208,930 for the General Fund and (\$10,467) for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General Fund. Additionally, the schedule of expenditures of state awards does not include the TPAF Non-Contributory Insurance and on-behalf TPAF Post Retirement Contributions revenue of \$115,999 and \$2,463,818 respectively. The schedule of expenditures of federal awards includes \$12,219 of ARRA Cobra Premium Assistance, which is not separately reflected as revenue in the District's basic financial statements. Revenue from federal and state awards is reported in the Board's basic financial statements on the GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,556,760	\$ 6,556,760
Special Revenue Fund	\$ 1,328,512	158,430	1,486,942
Debt Service Fund		263,766	263,766
Food Service Fund	12,818	723	13,541
Total Awards	<u>\$ 1,341,330</u>	<u>\$ 6,979,679</u>	<u>\$ 8,321,009</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2011.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The District has been awarded grants in the Capital Projects Fund totaling \$1,318,908 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2011, the District has expended and drawn down \$1,115,851 of the grant funds and has \$203,057 receivable, both on the budgetary and GAAP basis.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's major federal and state programs for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	9/1/10-8/31/11	\$ 1,022,611	\$ 795,418
I.D.E.A. Part B, Basic	84.027	9/1/09-8/31/10	830,113	148,590
I.D.E.A. Preschool	84.173	9/1/10-8/31/11	41,372	29,806
I.D.E.A. Part B, Basic - ARRA	84.391	7/1/09-8/31/11	1,053,776	242,281
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	3,000,489	3,000,489

- The threshold for distinguishing federal and state Type A and Type B programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the Circular.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

Summary of Auditors' Results: (Cont'd)

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB Circular NJOMB 04-04.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

The District had no prior year audit findings.