

**MILLBURN TOWNSHIP  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual  
Financial Report**

**of the**

**Millburn Township School District  
Board of Education**

**Millburn, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

**Prepared by**

**Millburn Township School District  
Board Office**

MILLBURN TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal .....	1
Organizational Chart.....	5
Roster of Officials.....	6
Consultants and Advisors .....	7

FINANCIAL SECTION .....

Independent Auditors' Report .....	9
Required Supplementary Information .....	12
Management's Discussion and Analysis (Unaudited).....	13
Basic Financial Statements (Sections A and B).....	23
A. District-Wide Financial Statements .....	24
A-1 Statement of Net Position.....	25
A-2 Statement of Activities .....	26
B. Fund Financial Statements .....	28
B-1 Balance Sheet – Governmental Funds.....	29
B-2 Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds .....	31
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	33
B-4 Statement of Net Position – Proprietary Funds .....	34
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds .....	35
B-6 Statement of Cash Flows – Proprietary Funds .....	36
B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	37
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	38
Notes to the Basic Financial Statements .....	39

Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....	75
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System .....	75
L-2 Schedule of District Contributions – Public Employees Retirement System.....	76
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associate with the District – Teachers' Pension and Annuity Fund.....	77
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....	78
L-5 Schedule of District's Proportionate Share of the Net Pension Liability – Board of Education Employees' Pension Fund of Essex County .....	79
L-6 Schedule of District Contributions – Board of Education Employees' Pension Fund of Essex County.....	80
Notes to Required Supplementary Information.....	81

MILLBURN TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Information (Unaudited) (Cont'd)

C.	Budgetary Comparison Schedules (Unaudited) .....	82
C-1	Budgetary Comparison Schedule – General Fund .....	83
C-2	Budgetary Comparison Schedule - Special Revenue Fund .....	98
C-3	Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI .....	99

Other Supplementary Schedules (D.-I.)

D.	School Level Schedules (Not Applicable) .....	100
E.	Special Revenue Fund .....	101
E-1	Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis .....	102
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund .....	105
F-1	Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis .....	106
F-1A	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Additions and Renovations to High School from Inception and for the Fiscal Year Ended June 30, 2016 .....	107
F-1B	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Additions and Renovations to Middle School from Inception and for the Fiscal Year Ended June 30, 2016 .....	108
F-1C	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – High School Partial Roof Replacement from Inception and for the Fiscal Year Ended June 30, 2016 .....	109
F-1D	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Wyoming Partial Roof Replacement from Inception and for the Fiscal Year Ended June 30, 2016 .....	110
F-1E	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Energy Savings Improvement Project Replacement from Inception and for the Fiscal Year Ended June 30, 2016 .....	111
F-2	Schedule of Grant Anticipation Notes Payable .....	112
G.	Proprietary Funds (Enterprise Fund) .....	113
G-1	Combining Statement of Net Position .....	114
G-2	Combining Statement of Revenue, Expenses and Changes in Fund Net Position .....	115
G-3	Combining Statement of Cash Flows .....	116
H.	Fiduciary Funds .....	117
H-1	Combining Statement of Net Position .....	118
H-2	Combining Statement of Changes in Fiduciary Net Position .....	119
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements .....	120
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements .....	121



MILLBURN TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D.-I.) (Cont'd)

I. Long-Term Debt .....	122
I-1 Schedule of Serial Bonds .....	123
I-2 Schedule of Obligations Under Capital Leases .....	125
I-3 Debt Service Fund Budgetary Comparison Schedule .....	126

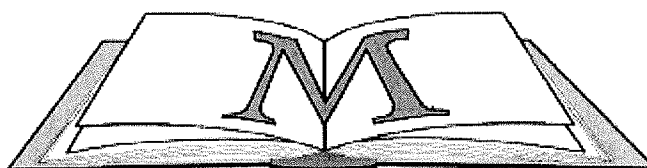
STATISTICAL SECTION (UNAUDITED) ..... 127

J. Statistical Schedules (Unaudited).....	128
J-1 Net Position by Component.....	129
J-2 Changes in Net Position .....	130
J-3 Fund Balances - Governmental Funds .....	133
J-4 Changes in Fund Balances - Governmental Funds.....	134
J-5 General Fund Other Local Revenue by Source.....	136
J-6 Assessed Value and Actual Value of Taxable Property .....	137
J-7 Direct and Overlapping Property Tax Rates.....	138
J-8 Principal Property Taxpayers, Current Year and Nine Years Ago.....	139
J-9 Property Tax Levies and Collections .....	140
J-10 Ratios of Outstanding Debt by Type .....	141
J-11 Ratios of Net General Bonded Debt Outstanding .....	142
J-12 Ratios of Overlapping Governmental Activities Debt .....	143
J-13 Legal Debt Margin Information .....	144
J-14 Demographic and Economic Statistics.....	145
J-15 Principal Employers, Current Year and Nine Years Ago.....	146
J-16 Full-time Equivalent District Employees by Function/Program .....	147
J-17 Operating Statistics.....	148
J-18 School Building Information.....	149
J-19 Schedule of Required Maintenance.....	151
J-20 Insurance Schedule.....	152

SINGLE AUDIT SECTION

K. Single Audit .....	153
K-1 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 <i>Government Auditing Standards</i> .....	154
K-2 Independent Auditors' Report on Compliance For Each Major Federal and State Program and on Internal Control over Compliance .....	156
Schedule of Expenditures of Federal Awards .....	158
Schedule of Expenditures of State Awards .....	159
Notes to the Schedules of Expenditures of Federal and State Awards .....	161
Schedule of Findings and Questioned Costs .....	163
Summary Schedule of Prior Audit Findings .....	165

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

November 23, 2016

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, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on 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 Governmental 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 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 2015-2016 fiscal year with an average daily enrollment of 4,894 students which is 12 students more than the previous year's enrollment.

The Honorable President and Members of  
 the Board of Education  
 Millburn Township School District  
 Page 2  
 November 23, 2016

2) ECONOMIC CONDITION AND OUTLOOK: The Township's cash surplus at December 31, 2015 amounted to \$11,040,098. A systematic and active investment program has been followed; income earned from investments of the Township's surplus cash amounted to \$49,458 in 2015. The current tax rate is \$2.105 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 the 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:

#### District Goals for FY 2015-2016

1. To utilize Professional Learning Communities to enhance identified instructional practices and student achievement targets for the 2015-16 school year (Year 1 of 2).
2. To facilitate the areas of focus of the Strategic Planning Implementation Teams toward meeting Year 3 targets for the 2015-16 school year (Year 3 of 3).
3. To develop the educational and infrastructure plan necessary to address district curricular and capital planning needs for the next 5-10 years.

#### Board of Education Goal for FY 2015-2016

1. To finalize and implement Guidelines for Best Practices for the Board of Education to maximize efficiency and efficacy in communications, particularly at public and committee meetings for the 2015-16 school year.

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

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

The Honorable President and Members of  
the Board of Education  
Millburn Township School District  
Page 3  
November 23, 2016

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 a vote of the Board of Education. 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, 2016.

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) 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.

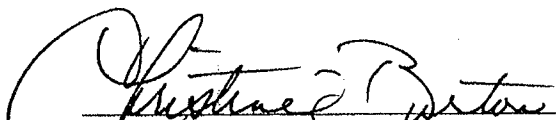
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on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

9) 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

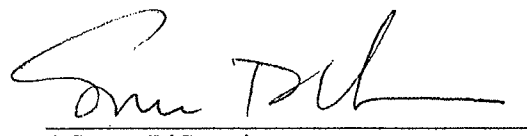
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Millburn Township School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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.

The Honorable President and Members of  
the Board of Education  
Millburn Township School District  
Page 4  
November 23, 2016

Respectfully submitted,

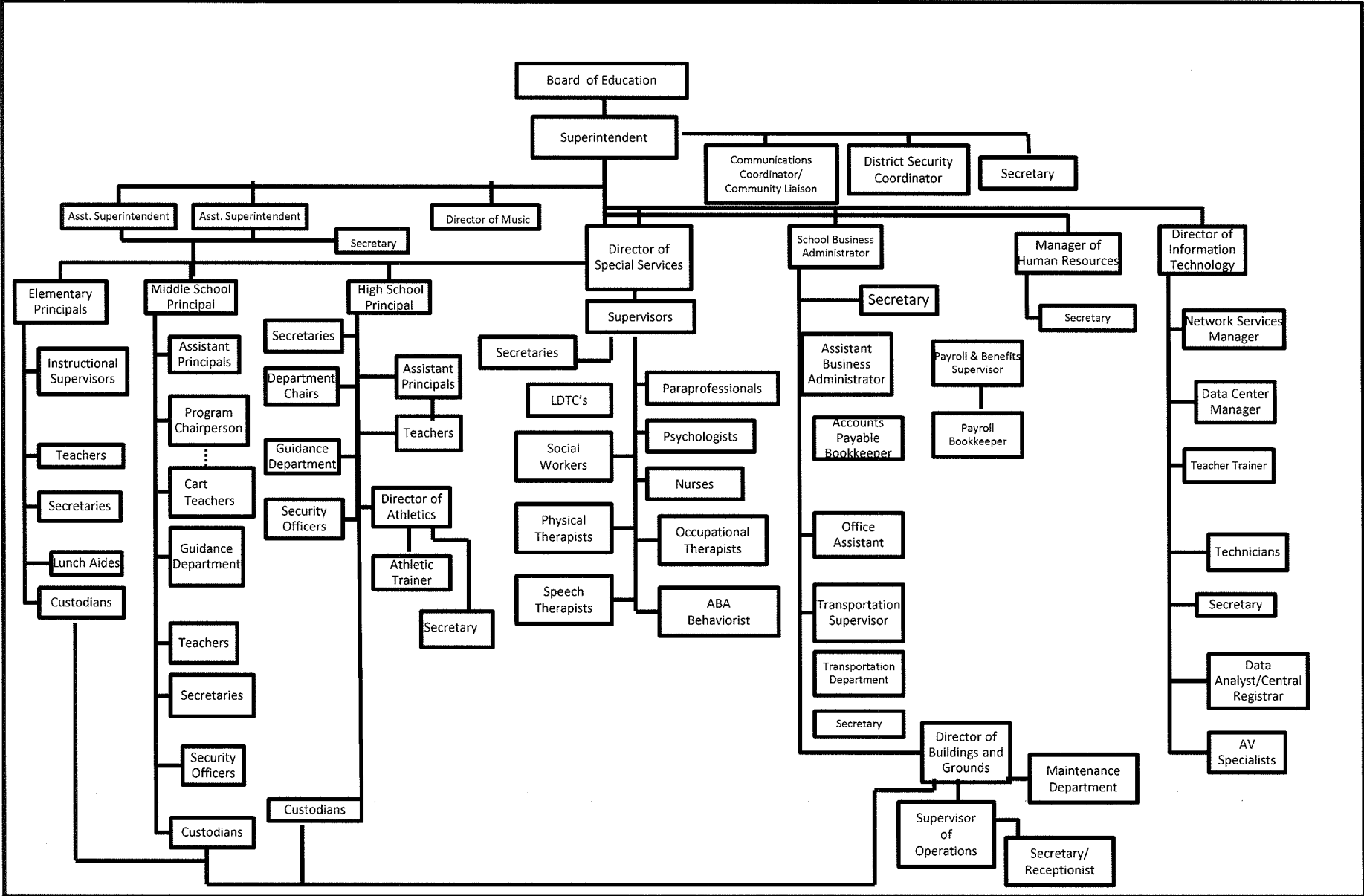


Dr. Christine Burton  
Superintendent of Schools



J. Steven DiGeronimo  
Business Administrator/Board Secretary

# Millburn Township Public Schools Organizational Chart 2015 - 2016



**MILLBURN TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael King, President	2017
Emily Jaffe, Vice President	2017
Berylin Bosselman	2019
Philip Choong	2019
Richard Gray	2018
David Leibowitz	2019
Jesse Liu	2018
Regina Truitt	2018
John Westfall-Kwong	2017

Other OfficersTitle

Dr. Christine Burton	Superintendent of Schools
Michael Ryan	Assistant Superintendent
Kyle Arlington	Assistant Superintendent
J. Steven DiGeronimo	Business Administrator/Board Secretary
Cheryl Nardino	Treasurer
Anthony P. Sciarrillo, Esq.	School Board Attorney
Athina L. Cornell, Esq.	Special Education Attorney



# MILLBURN TOWNSHIP BOARD OF EDUCATION

Consultants and Advisors

## **Architect**

Parette Somjen Architects  
439 Route 46 East  
Rockaway, NJ 07866

## **Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road Suite 300  
Mount Arlington, NJ 07856-1320

## **Attorneys**

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Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC  
238 St. Paul Street  
Westfield, NJ 070910

Athina Lekas Cornell, Esq.  
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC  
238 St. Paul Street  
Westfield, NJ 070910

## **Bond Counsel**

Andrea Kahn  
McManimon, Scotland & Baumann  
75 Livingston Avenue  
Roseland, NJ 07068

## **Financial Advisor**

Phoenix Advisors, LLC  
4 West Park Street  
Bordentown, NJ 08505

## **Official Depositories**

Wells Fargo  
379 Millburn Avenue  
Millburn, NJ 07041

Bank of America  
1125 Route 22 West  
Bridgewater, NJ 08807

New Jersey Asset & Rebate Management Program  
821 Alexander Road, Suite 110  
Princeton, NJ 08540

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L1 through L-6 and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members  
of the Board of Education  
Millburn Township School District  
Page 3

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

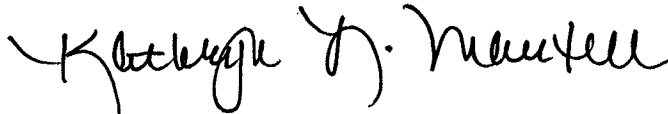
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



November 23, 2016  
Mount Arlington, New Jersey

NISIVOCCIA, LLP



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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, 2016  
(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, 2016. 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 improved significantly on a district wide basis.
- Overall revenue was \$111,640,021 during the fiscal year.
- Overall expenses were \$108,788,786 during the fiscal year.
- The District entered into a \$4,483,000 lease purchase agreement to finance the Energy Savings Improvement Project.
- Enrollment in the District increased approximately 0.25% from the prior year.

**Overview of the Financial Statements**

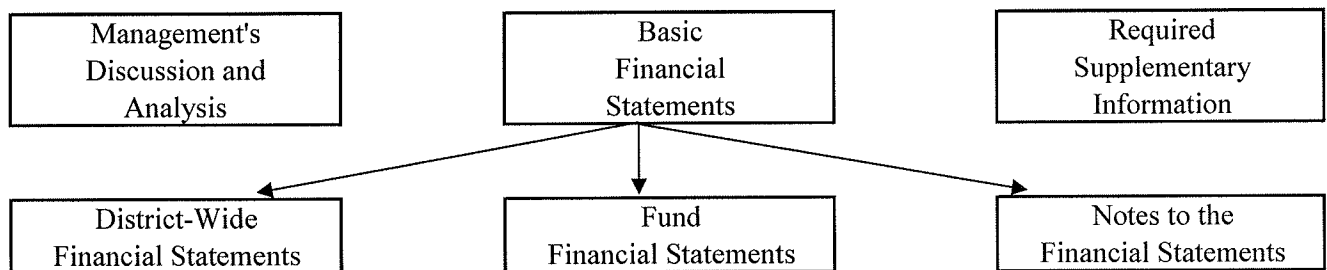
This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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 and field rental/joint facilities.
- *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, 2016  
(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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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, 2016  
(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 position includes all of the District's assets, deferred inflows and outflows 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 position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the 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, subscription busing fees 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 and field rental/joint facilities are 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, 2016  
(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 Basic 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 Position*. The District's combined net position increased by \$2,850,566, largely due to the authorization of the energy savings improvement project. Net position from governmental activities increased by \$2,950,753 and net position from business-type activities decreased by \$100,187. Net investment in capital assets increased by \$304,144, restricted net position increased by \$352,250, and unrestricted net position increased by \$2,194,172.

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

	Government Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Current and							
Other Assets	\$13,596,287	\$10,771,075	\$ 532,145	\$ 580,214	\$14,128,432	\$11,351,289	24.47%
Capital Assets, Net	54,535,129	52,908,773	55,293	57,281	54,590,422	52,966,054	3.07%
Total Assets	<u>68,131,416</u>	<u>63,679,848</u>	<u>587,438</u>	<u>637,495</u>	<u>68,718,854</u>	<u>64,317,343</u>	6.84%
Deferred Outflows of Resources	<u>5,880,380</u>	<u>2,491,340</u>			<u>5,880,380</u>	<u>2,491,340</u>	136.03%
Long-Term Debt Outstanding	64,596,625	59,668,360			64,596,625	59,668,360	8.26%
Other Liabilities	4,101,809	3,328,976	137,510	87,380	4,239,319	3,416,356	24.09%
Total Liabilities	<u>68,698,434</u>	<u>62,997,336</u>	<u>137,510</u>	<u>87,380</u>	<u>68,835,944</u>	<u>63,084,716</u>	9.12%
Deferred Inflows of Resources	<u>387,380</u>	<u>1,198,623</u>			<u>387,380</u>	<u>1,198,623</u>	-67.68%
Net Position:							
Net Investment in							
Capital Assets	19,776,677	19,470,545	55,293	57,281	19,831,970	19,527,826	1.56%
Restricted	5,645,522	5,293,272			5,645,522	5,293,272	6.65%
Unrestricted/(Deficit)	<u>(20,496,217)</u>	<u>(22,788,588)</u>	<u>394,635</u>	<u>492,834</u>	<u>(20,101,582)</u>	<u>(22,295,754)</u>	9.84%
Total Net Position	<u>\$ 4,925,982</u>	<u>\$ 1,975,229</u>	<u>\$ 449,928</u>	<u>\$ 550,115</u>	<u>\$ 5,375,910</u>	<u>\$ 2,525,344</u>	112.88%

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

*Changes in Net Position.* The District's combined net position was \$5,375,910 on June 30, 2016, an increase of \$2,850,566 or 112.88% over the previous year. (See Figure A-3). Net Investment in Capital Assets increased \$304,144 due to the maturity of \$3,390,000 of serial bonds payable, a paydown in capital lease principal of \$578,556, and \$3,973,481 in capital assets additions (net of capital assets disposals); offset by \$2,349,113 in depreciation expense, new capital leases of \$5,194,449 and a decrease in deferred amount on refunding of \$94,331. Restricted net position increased by \$352,250 primarily due to \$176 of interest earned in the Debt Service Fund, a \$260,000 transfer into the Maintenance Reserve account and a net increase of \$211,139 in the Capital Reserve account (primarily due to \$510,555 transferred from unassigned fund balance offset by the \$300,000 withdrawal for current year capital projects); offset by \$119,066 of Debt Service Fund fund balance anticipated as revenue in fiscal year 2016. Unrestricted net position increased by \$2,194,172 primarily due to a net decrease in compensated absences of \$93,127, a decrease in accrued interest of \$12,021, an increase in Capital Projects committed fund balance of \$2,112,186, a net decrease in unamortized bond issuance premium of \$255,718, a \$683,649 net increase in unassigned and assigned (including encumbrances) General Fund fund balance, a decrease in investment gains in pensions of \$811,243, an increase in changes in pension assumptions of \$1,965,304, an increase in difference between expected and actual pension experience of \$577,328; offset by a net increase in net pension liability of \$4,051,217 a decrease in changes in pension proportion of \$91,988 and a decrease of \$98,199 in business-type activities.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Revenue:							
Program Revenue:							
Charges for Services	\$ 924,638	\$ 895,895	\$ 844,707	\$ 738,513	\$ 1,769,345	\$ 1,634,408	8.26%
Operating Grants and Contributions	26,857,263	22,000,460			26,857,263	22,000,460	22.08%
Capital Grants and Contributions	583,331	435,655			583,331	435,655	100.00%
General Revenue:							
Property Taxes	81,869,087	79,275,406			81,869,087	79,275,406	3.27%
Unrestricted State and Federal Aid	413,122	408,990			413,122	408,990	1.01%
Other	147,581	265,351	292	271	147,873	265,622	-44.33%
Total Revenue	<u>110,795,022</u>	<u>103,281,757</u>	<u>844,999</u>	<u>738,784</u>	<u>111,640,021</u>	<u>104,020,541</u>	7.32%
Expenses:							
Instruction	65,229,595	60,331,909			65,229,595	60,331,909	8.12%
Pupil/Instruction Services	20,862,318	19,510,796			20,862,318	19,510,796	6.93%
Administrative & Business	9,124,968	9,177,694			9,124,968	9,177,694	-0.57%
Maintenance & Operations	8,145,426	8,047,309			8,145,426	8,047,309	1.22%
Transportation	3,211,620	3,126,168			3,211,620	3,126,168	2.73%
Other	1,270,342	1,422,403	944,517	748,778	2,214,859	2,171,181	2.01%
Total Expenses	<u>107,844,269</u>	<u>101,616,279</u>	<u>944,517</u>	<u>748,778</u>	<u>108,788,786</u>	<u>102,365,057</u>	6.28%
Disposal of Capital Assets, Net			(669)	(984)	(669)	(984)	32.01%
Increase/(Decrease) in Net Position	<u>\$ 2,950,753</u>	<u>\$ 1,665,478</u>	<u>\$ (100,187)</u>	<u>\$ (10,978)</u>	<u>\$ 2,850,566</u>	<u>\$ 1,654,500</u>	72.29%

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

*Revenue Sources.* The District's total revenue for the 2015/16 school year was \$111,640,021. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$81,869,087 of the total, or 73.33 percent. (See Figure A-5). Another 24.95 percent came from state and federal aid and the remaining 1.71% came from tuition, subscription busing fees, miscellaneous sources and other charges for services.

**Figure A-5  
Sources of Revenue for Fiscal Year 2016 and 2015**

	2016	Percentage	2015	Percentage
Sources of Income:				
Grants and Contributions	\$ 27,440,594	24.58%	\$ 22,436,115	21.57%
Property Taxes	81,869,087	73.33%	79,275,406	76.21%
Unrestricted Federal and State Aid	413,122	0.37%	408,990	0.39%
Charges for Services	1,769,345	1.59%	1,634,408	1.57%
Other	147,873	0.13%	265,622	0.26%
	<u>\$ 111,640,021</u>	<u>100.00%</u>	<u>\$ 104,020,541</u>	<u>100.00%</u>

The total cost of all programs and services was \$108,788,786. The District's expenses are predominantly related to Instructing and providing Pupil Services (79.14 percent) which increased from 78.00 percent in 2014-2015. (See Figure A-6). Other significant cost areas include Administrative and Business activities (8.38 percent) and Maintenance and Operations (7.49 percent). The District operates seven schools, an education center/administration building and a maintenance building. Costs for Administration and Maintenance decreased as a percentage of total expenses compared to fiscal year 2014-2015. It is important to note that expenses for the year include \$2,349,113 of depreciation expense and \$1,147,166 of accrued interest on long-term debt attributable to its governmental and business-type activities.

**Figure A-6  
Expenses for Fiscal Year 2016 and 2015**

	2016	Percentage	2015	Percentage
Expense Category:				
Instruction	\$ 65,229,595	59.96%	\$ 60,331,909	58.94%
Pupil and Instruction Services	20,862,318	19.18%	19,510,796	19.06%
Administrative and Business	9,124,968	8.38%	9,177,694	8.97%
Maintenance and Operations	8,145,426	7.49%	8,047,309	7.86%
Transportation	3,211,620	2.95%	3,126,168	3.05%
Other	2,214,859	2.04%	2,171,181	2.12%
	<u>\$ 108,788,786</u>	<u>100.00%</u>	<u>\$ 102,365,057</u>	<u>100.00%</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

**Governmental Activities**

The financial position of the District improved significantly. However, maintaining existing programs while experiencing changes 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 multiple cooperative purchasing programs for district supplies.
- Shared service agreements with other public entities for busing services.
- 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 participates in several cooperative purchasing programs for construction services. We have been able to significantly increase the scope of facility improvement projects by implementing a strategy of bidding and using cooperative purchasing to procure the most favorable prices for construction projects.
- The District is in the process of implementing an Energy Savings Improvement Program (ESIP), as allowed by state law, which will enable the district to become more energy efficient. Reduced energy costs will be used to offset the cost of the capital improvements. This program, in conjunction with Board approval of a resolution to participate in the Sustainable Jersey for Schools program, demonstrates the Board's commitment to becoming an energy efficient, environmentally responsible district.

The District will continue its practice of examining all expenditures carefully and being mindful of pressure to reduce taxes while maintaining and/or expanding programs.

Figure A-7 presents the cost of six 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	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2015/16	2015/16	2014/15	2014/15
Instruction	\$ 65,229,595	\$ 44,286,494	\$ 60,331,909	\$ 43,483,292
Pupil and Instruction Services	20,862,318	16,081,245	19,510,796	15,408,086
Administrative and Business	9,124,968	7,953,066	9,177,694	8,097,274
Maintenance and Operations	8,145,426	7,562,095	8,047,309	7,611,654
Transportation	3,211,620	2,325,795	3,126,168	2,261,560
Other	1,270,342	1,270,342	1,422,403	1,422,403
	<u>\$ 107,844,269</u>	<u>\$ 79,479,037</u>	<u>\$ 101,616,279</u>	<u>\$ 78,284,269</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

**Business-Type Activities**

Net position from the District's business-type activity decreased by \$100,187. (Refer to Figure A-4). Factors contributing to these results included:

- Field Rental/Joint Facilities Fund expenses exceeded revenue by \$116,020, which was primarily due to the upgrades to the turf field.
- Food Service Fund revenues exceeded expenses by \$16,502, which was primarily a result of the increase in daily sales.

**Financial Analysis of the District's Funds**

The District's financial position increased on a fund basis. However, statutory budget caps have had a direct impact upon the District's revenue sources. Interest earnings on investments remain significantly lower than in the past.

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**

The District's capital assets increased by \$1,624,368 or 3.07% - as shown in Figure A-8. (More detailed information about the District's capital assets is presented in Note 5 to the financial statements.)

**Figure A-8  
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	Change 2015/16
Sites	\$ 109,045	\$ 109,045			\$ 109,045	\$ 109,045	0.00%
Construction in Progress	3,078,589	124,444			3,078,589	124,444	2373.87%
Site Improvements	3,766,530	3,514,274			3,766,530	3,514,274	7.18%
Buildings & Building Improvements	44,796,417	45,976,313			44,796,417	45,976,313	-2.57%
Machinery and Equipment	2,784,548	3,184,697	\$ 55,293	\$ 57,281	2,839,841	3,241,978	-12.40%
<b>Total Capital Assets, Net</b>	<b>\$54,535,129</b>	<b>\$52,908,773</b>	<b>\$ 55,293</b>	<b>\$ 57,281</b>	<b>\$54,590,422</b>	<b>\$52,966,054</b>	<b>3.07%</b>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

During the fiscal year, the District acquired or constructed \$4,115,829 in capital asset additions for various capital projects, offset by \$2,349,113 in current year depreciation (\$2,334,631 its governmental activities and \$14,482 from its business-type activities) and \$142,348 of capital asset disposals.

**Long-term Liabilities**

The District's long term liabilities increased by \$4,928,265 or 8.26% – 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 Liabilities**

	Total School District		Percentage
	2015/16	2014/15	Change 2015/16
General Obligation Bonds (Financed with Property Taxes)	\$ 29,299,000	\$ 32,689,000	-10.37%
Net Pension Liability	24,200,039	20,216,563	19.70%
Other Long-Term Liabilities	11,097,586	6,762,797	64.10%
	<u>\$ 64,596,625</u>	<u>\$ 59,668,360</u>	8.26%

- The District continued to pay down its bonded debt, retiring \$3,390,000 of outstanding bonds.
- Compensated absences payable decreased by a net amount of \$93,127.
- Net pension liability increased by \$3,915,735.
- The District entered into two capital lease purchase agreements to purchase 730 computers and other related technology equipment and to finance the energy savings improvement project totaling \$5,194,449 and paid down \$578,556 in lease principal during the fiscal year.
- The District amortized \$255,718 in bond issuance premium.

**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:

- A referendum passed on September 27, 2016 approving the issuance of \$25,593,000 in bonds to finance projects that address several goals. The District will purchase and renovate the former Millburn Regional Day School, which will become a 5th grade school to be known again as the Washington School. The District will also make health and safety improvements in all District buildings, which are 50-plus years old. The final component is the construction/renovation of innovative research and design spaces at all seven schools, to maintain the District's cutting-edge achievements. This "Investing in Excellence" proposal meets the aspirations of the community and the competitive educational needs of our students.
- Contracts with the Millburn Education Association, Millburn Association of School Administrators and Communications Workers of America expire on June 30, 2017. The Board anticipates initiating negotiations in the early part of FY 2016-2017. Recent contract settlements in districts throughout the state demonstrate the upward pressure on salary increases. Given the 2% tax cap, negotiated settlements higher than previous contracts will have to be paid for with spending reductions in other areas. The Board will also continue to explore new sources of revenue.

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

**Factors Bearing on the District's Future Revenue/Expense Changes (Cont'd)**

- While overall enrollment in the District has remained relatively stable during the past several years, school-specific spikes have occurred, requiring an increase in staffing. The District continues to monitor this situation, and to reallocate resources as changes occur.

**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

Exhibit A-1

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 7,958,323	\$ 524,111	\$ 8,482,434
Receivables from State Government	1,455,799		1,455,799
Receivables from Federal Government	175,545		175,545
Receivables from Other Governments	53,087		53,087
Other Accounts Receivables	20,664	1,255	21,919
Lease Purchase Proceeds Receivable	2,861,150		2,861,150
Inventories		6,779	6,779
Restricted Cash and Cash Equivalents	1,071,719		1,071,719
Capital Assets, Net:			
Sites (Land) and Construction in Progress	3,187,634		3,187,634
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	51,347,495	55,293	51,402,788
Total Assets	<u>68,131,416</u>	<u>587,438</u>	<u>68,718,854</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	1,100,531		1,100,531
Charges in Assumptions - Pension	2,598,891		2,598,891
Charges in Proportion - Pension	570,903		570,903
Difference Between Expected and Actual Experience - Pension	577,328		577,328
District Contribution Subsequent to the Measurement Date - Pension	1,032,727		1,032,727
Total Deferred Outflows of Resources	<u>5,880,380</u>		<u>5,880,380</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,944,186	108,633	2,052,819
Accrued Interest Payable	554,272		554,272
Payable to State Government	33,222		33,222
Grant Anticipation Notes Payable	1,073,000		1,073,000
Unearned Revenue	497,129	28,877	526,006
Noncurrent Liabilities:			
Due Within One Year	4,635,699		4,635,699
Due Beyond One Year	59,960,926		59,960,926
Total Liabilities	<u>68,698,434</u>	<u>137,510</u>	<u>68,835,944</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Investment Gains - Pension	387,380		387,380
Total Deferred Inflows of Resources	<u>387,380</u>		<u>387,380</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	19,776,677	55,293	19,831,970
Restricted for:			
Capital Projects	951,312		951,312
Debt Service	50,210		50,210
Maintenance	260,000		260,000
Emergency	700,000		700,000
Excess Surplus	3,684,000		3,684,000
Unrestricted/(Deficit)	(20,496,217)	394,635	(20,101,582)
Total Net Position	<u>\$ 4,925,982</u>	<u>\$ 449,928</u>	<u>\$ 5,375,910</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 51,995,207	\$ 110,198	\$ 15,000,930		\$ (36,884,079)		\$ (36,884,079)
Special Education	9,237,742	99,060	4,977,353		(4,161,329)		(4,161,329)
Other Special Instruction	1,380,632				(1,380,632)		(1,380,632)
Other Instruction	2,616,014		755,560		(1,860,454)		(1,860,454)
Support Services:							
Tuition	3,098,798		872,354		(2,226,444)		(2,226,444)
Student and Instruction Related Services	17,763,520		3,908,719		(13,854,801)		(13,854,801)
General Administrative Services	1,443,137		82,865		(1,360,272)		(1,360,272)
School Administrative Services	4,856,047		1,004,633		(3,851,414)		(3,851,414)
Central Services	1,838,095		84,404		(1,753,691)		(1,753,691)
Administrative Information Technology	987,689				(987,689)		(987,689)
Plant Operations and Maintenance	8,145,426			\$ 583,331	(7,562,095)		(7,562,095)
Pupil Transportation	3,211,620	715,380	170,445		(2,325,795)		(2,325,795)
Unallocated Depreciation	88,705				(88,705)		(88,705)
Transfer of Funds to Charter School	34,471				(34,471)		(34,471)
Interest on Long-Term Debt	1,147,166				(1,147,166)		(1,147,166)
Total Governmental Activities	107,844,269	924,638	26,857,263	583,331	(79,479,037)		(79,479,037)
<b>Business-Type Activities:</b>							
Field Rental/Joint Facilities	183,900	67,880				\$ (116,020)	(116,020)
Food Service	760,617	776,827				16,210	16,210
Total Business-Type Activities	944,517	844,707				(99,810)	(99,810)

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	<u>\$ 108,788,786</u>	<u>\$ 1,769,345</u>	<u>\$ 26,857,263</u>	<u>\$ 583,331</u>	<u>\$ (79,479,037)</u>	<u>\$ (99,810)</u>	<u>\$ (79,578,847)</u>
General Revenues and Other Items:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					77,515,026		77,515,026
Taxes Levied for Debt Service					4,354,061		4,354,061
Federal, State and Local Aid not Restricted					413,122		413,122
Interest Earnings					935	292	1,227
Miscellaneous Income					146,646		146,646
Other Item - Disposal of Capital Assets						(669)	(669)
Total General Revenues and Other Items					<u>82,429,790</u>	<u>(377)</u>	<u>82,429,413</u>
Change in Net Position					2,950,753	(100,187)	2,850,566
Net Position - Beginning					<u>1,975,229</u>	<u>550,115</u>	<u>2,525,344</u>
Net Position - Ending					<u>\$ 4,925,982</u>	<u>\$ 449,928</u>	<u>\$ 5,375,910</u>

FUND FINANCIAL STATEMENTS

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,489,160		\$ 648,574	\$ 50,034	\$ 7,187,768
Interfund Receivable	6,302			176	6,478
Receivables From State Government	872,468		583,331		1,455,799
Receivables From Federal Government		\$ 175,545			175,545
Receivables From Other Governments	53,087				53,087
Other Accounts Receivable	20,664				20,664
Lease Purchase Proceeds Receivable			2,861,150		2,861,150
Restricted Cash and Cash Equivalents	1,842,274				1,842,274
<b>Total Assets</b>	<b>\$ 9,283,955</b>	<b>\$ 175,545</b>	<b>\$ 4,093,055</b>	<b>\$ 50,210</b>	<b>\$ 13,602,765</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable		\$ 6,302	\$ 176		\$ 6,478
Accounts Payable	\$ 708,337	123,111	5,011		836,459
Grant Anticipation Notes Payable			1,073,000		1,073,000
Payable to State Government		33,222			33,222
Unearned Revenue	484,219	12,910			497,129
<b>Total Liabilities</b>	<b>1,192,556</b>	<b>175,545</b>	<b>1,078,187</b>		<b>2,446,288</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	882,274				882,274
Emergency Reserve	700,000				700,000
Maintenance Reserve	260,000				260,000
Excess Surplus - For 2017-2018	1,842,000				1,842,000
Excess Surplus - For 2016-2017	1,842,000				1,842,000
Capital Projects			69,038		69,038
Debt Service				\$ 50,210	50,210
<b>Committed:</b>					
Capital Projects			2,945,830		2,945,830
<b>Assigned:</b>					
Other Purposes	871,694				871,694
Designated for Subsequent Year's Expenditures	53,961				53,961
Unassigned	1,639,470				1,639,470
<b>Total Fund Balances</b>	<b>8,091,399</b>		<b>3,014,868</b>	<b>50,210</b>	<b>11,156,477</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,283,955</b>	<b>\$ 175,545</b>	<b>\$ 4,093,055</b>	<b>\$ 50,210</b>	<b>\$ 13,602,765</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

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

Total Fund Balances from previous page	\$ 11,156,477
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$91,128,606 and the accumulated depreciation is \$36,593,477.	54,535,129
Bond Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are sold. The Amount is \$3,324,335 and the Accumulated Amortization is \$505,391.	(2,818,944)
Deferred Amount on Refunding is not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure	1,100,531
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(554,272)
Long-Term Liabilities, including the Net Pension Liability for PERS and the Plan, Bonds Payable and Capital Leases Payable, are not due and payable current period and therefore are not reported as liabilities in the Funds.	(61,777,681)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	2,598,891
Changes in Proportions - Pensions	570,903
Difference between Expected and Actual Experience - Pensions	577,328
Investment Gains - Pensions	(387,380)
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 5,000,982</u>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 77,515,026			\$ 4,354,061	\$ 81,869,087
Tuition from Other LEAs	99,060				99,060
Tuition from Individuals	110,198				110,198
Transportation Fees From Individuals	715,380				715,380
Interest Earned on Capital Reserve Funds	584				584
Miscellaneous	146,795	\$ 169,761	\$ 202		316,758
Total - Local Sources	78,587,043	169,761	202	4,354,061	83,111,067
State Sources	12,902,060	238,879	583,331	237,448	13,961,718
Federal Sources		1,314,475			1,314,475
Total Revenues	91,489,103	1,723,115	583,533	4,591,509	98,387,260
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	30,662,336	474,282			31,136,618
Special Education Instruction	5,344,714	12,600			5,357,314
Other Special Instruction	1,384,356				1,384,356
School-Sponsored/Other Instruction	1,422,326				1,422,326
Support Services and Undistributed Costs:					
Tuition	2,226,444	872,354			3,098,798
Student/Other Instruction Related Services	10,567,750	363,879			10,931,629
General Administrative Services	1,037,577				1,037,577
School Administrative Services	3,159,053				3,159,053
Central Services	1,074,412				1,074,412
Administrative Information Technology	785,485				785,485
Plant Operations and Maintenance	6,139,564				6,139,564
Student Transportation	2,747,680				2,747,680
Unallocated Benefits	22,953,393				22,953,393
Capital Outlay	1,506,229		2,954,145		4,460,374
Debt Service:					
Principal				3,390,000	3,390,000
Interest and Other Charges				1,320,574	1,320,574
Transfer of Funds to Charter School	34,471				34,471
Total Expenditures	91,045,790	1,723,115	2,954,145	4,710,574	100,433,624
Excess/(Deficit) of Revenue Over/(Under)					
Expenditures	443,313		(2,370,612)	(119,065)	(2,046,364)
Other Financing Sources/(Uses):					
Capital Leases (Non-budgeted)	711,449				711,449
Lease Purchase Agreement Proceeds			4,483,000		4,483,000
Transfers	26		(50,202)	50,176	
Total Other Financing Sources/(Uses)	711,475		4,432,798	50,176	5,194,449

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 1,154,788		\$ 2,062,186	\$ (68,889)	\$ 3,148,085
Fund Balance - July 1	<u>6,936,611</u>		<u>952,682</u>	<u>119,099</u>	<u>8,008,392</u>
Fund Balance - June 30	<u>\$ 8,091,399</u>	<u>\$ -0-</u>	<u>\$ 3,014,868</u>	<u>\$ 50,210</u>	<u>\$ 11,156,477</u>

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

Exhibit B-3

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, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 3,148,085
Amounts reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are difference 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 and deletions differs from capital outlays in the period.	
Depreciation Expense	\$ (2,334,631)
Disposal of Capital Assets, Net of Accumulated Depreciation	(141,679)
Capital Outlays	<u>4,102,666</u>
	1,626,356
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 (+).	12,021
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	3,390,000
Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	(5,194,449)
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	578,556
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	255,718
The governmental funds report the effect of deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.	(94,331)
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 (+).	93,127
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	(4,051,217)
Change in Deferred Outflows:	
Changes in Assumptions	1,965,304
Changes in Proportion	(91,988)
Difference between Expected and Actual Experience - Pensions	577,328
Change in Deferred Inflows:	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>811,243</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$ 3,025,753</u>

Exhibit B-4

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Funds</u>		<u>Total</u>
	<u>Field Rental/ Joint Facilities</u>	<u>Food Service</u>	<u>Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 210,110	\$ 314,001	\$ 524,111
Other Accounts Receivable		1,255	1,255
Inventories		6,779	6,779
Total Current Assets	<u>210,110</u>	<u>322,035</u>	<u>532,145</u>
Non-Current Assets:			
Capital Assets		190,271	190,271
Less: Accumulated Depreciation		<u>(134,978)</u>	<u>(134,978)</u>
Total Non-Current Assets		<u>55,293</u>	<u>55,293</u>
Total Assets	<u>210,110</u>	<u>377,328</u>	<u>587,438</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	32,304	76,329	108,633
Unearned Revenue		<u>28,877</u>	<u>28,877</u>
Total Current Liabilities	<u>32,304</u>	<u>105,206</u>	<u>137,510</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		55,293	55,293
Unrestricted	<u>177,806</u>	<u>216,829</u>	<u>394,635</u>
Total Net Position	<u>\$ 177,806</u>	<u>\$ 272,122</u>	<u>\$ 449,928</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 NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds		Total
	Field Rental/ Joint Facilities	Food Service	Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs		\$ 719,678	\$ 719,678
Program Fees	\$ 67,880		67,880
Special Events		11,955	11,955
Miscellaneous Revenue		45,194	45,194
Total Operating Revenue	67,880	776,827	844,707
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs		338,149	338,149
Salaries, Benefits & Payroll Taxes		262,602	262,602
Purchased Professional and Technical Services		54,747	54,747
Other Purchased Services		34,172	34,172
Cleaning, Repair and Maintenance Services	183,900		183,900
Supplies and Materials		37,584	37,584
Miscellaneous Expense		18,881	18,881
Depreciation Expense		14,482	14,482
Total Operating Expenses	183,900	760,617	944,517
Operating Income/(Loss)	(116,020)	16,210	(99,810)
Non-Operating Revenue:			
Local Sources:			
Interest Income		292	292
Total Non-Operating Revenue		292	292
Change in Net Position Before Other Item	(116,020)	16,502	(99,518)
Other Item:			
Disposal of Capital Assets		(669)	(669)
Total Other Item		(669)	(669)
Change in Net Position After Other Item	(116,020)	15,833	(100,187)
Net Position - Beginning of Year	293,826	256,289	550,115
Net Position - End of Year	\$ 177,806	\$ 272,122	\$ 449,928

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, 2016

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds		Total
	Field Rental/ Joint Facilities	Food Service	Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 67,880	\$ 782,021	\$ 849,901
Payments to Food Service Contractors		(704,125)	(704,125)
Payments to Suppliers	(169,658)	(12,330)	(181,988)
Net Cash Provided by/(Used for) Operating Activities	(101,778)	65,566	(36,212)
Cash Flows from Investing Activities:			
Interest Income		292	292
Net Cash Provided by Investing Activities		292	292
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets		(13,163)	(13,163)
Net Cash Used for Capital and Relating Financing Activities		(13,163)	(13,163)
Net Increase/(Decrease) in Cash and Cash Equivalents	(101,778)	52,695	(49,083)
Cash and Cash Equivalents, July 1	311,888	261,306	573,194
Cash and Cash Equivalents, June 30	\$ 210,110	\$ 314,001	\$ 524,111
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (116,020)	\$ 16,210	\$ (99,810)
Adjustment to Reconcile Operating Income to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		14,482	14,482
Changes in Assets and Liabilities:			
(Increase) in Other Accounts Receivable		(243)	(243)
(Increase) in Inventory		(771)	(771)
Increase in Accounts Payable	14,242	30,451	44,693
Increase in Unearned Revenue		5,437	5,437
Net Cash Provided by/(Used for) Operating Activities	\$ (101,778)	\$ 65,566	\$ (36,212)

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

Exhibit B-7

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 325,836	\$ 413,399	\$ 89,577	\$ 1,784
Total Assets	<u>325,836</u>	<u>413,399</u>	<u>89,577</u>	<u>1,784</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings Due to Student Groups	37,883 <u>287,953</u>			
Total Liabilities	<u>325,836</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		413,399		
Flexible Spending Claims			89,577	
Scholarships				1,784
Total Net Position	<u>\$ -0-</u>	<u>\$ 413,399</u>	<u>\$ 89,577</u>	<u>\$ 1,784</u>

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

Exhibit B-8

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 73,731	\$ 215,195	
Total Contributions	73,731	215,195	
Investment Earnings:			
Interest			\$ 1
Net Investment Earnings			1
Total Additions	73,731	215,195	1
DEDUCTIONS:			
Unemployment Benefit Claims	47,686		
Flexible Spending Claims		220,957	
Total Deductions	47,686	220,957	
Change in Net Position	26,045	(5,762)	1
Net Position - Beginning of the Year	387,354	95,339	1,783
Net Position - End of the Year	\$ 413,399	\$ 89,577	\$ 1,784

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, 2016

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 and a resulting financial benefit or burden relationship, 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 position 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, 2016  
 (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, 2016  
(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 and Field Rental/Joint Facilities programs. The Food Service 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.

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 position 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, 2016  
(Continued)

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

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 budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. 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 two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

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	\$ 91,486,822	\$ 1,723,115
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	186,952	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(184,671)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 91,489,103</u>	<u>\$ 1,723,115</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 91,045,790	\$ 1,723,115
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 91,045,790	\$ 1,723,115
	Capital Projects Fund	
	Revenue	Fund Balance
Revenue/Restricted or Committed Fund Balance	\$ 202	\$ 429,396
Committed - Year End Encumbrances		2,640,866
	202	3,070,262
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis		(55,394)
SDA Revenue Recognized on a GAAP Basis	583,331	
Revenue/Fund Balance per Governmental Funds (GAAP)	\$ 583,533	\$ 3,014,868

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

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 sources/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. On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, 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 unearned revenue at fiscal year-end.

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

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, 2016.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

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. 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 and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the Fund financial statements, capital assets used in Governmental fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Capital 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 position, long-term debt and other long-term obligations are reported as liabilities in the applicable Government activities, Business-type activities, or Enterprise Funds. 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, 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.

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, 2016.

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

N. Compensated Absences: (Cont'd)

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.

In the district-wide *Statement of Net Position*, 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. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$8,091,399 General Fund balance at June 30, 2016, \$871,694 is assigned for year end encumbrances; \$53,961 of assigned fund balance is designated for subsequent year's expenditures; \$882,274 is restricted in the capital reserve account; \$260,000 is restricted in a maintenance reserve; \$700,000 has been restricted in an emergency reserve; \$1,842,000 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, 2017; \$1,842,000 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, 2018; and \$1,639,470 is unassigned, which is \$184,671 less than the calculated unassigned fund balance, on a GAAP basis, due to the last two state aid payments, which are not recognized until the fiscal year ended June 30, 2017.

Capital Projects Fund: Of the \$3,014,868 fund balance in the Capital Projects Fund at June 30, 2016, \$69,038 is restricted for Capital Projects and \$2,945,830 is committed for Capital Projects, which is \$55,394 less than on the budgetary basis because the SDA grant receivable is not recognized on the GAAP basis until reimbursement requests are submitted to the State.

Debt Service Fund: Of the \$50,210 restricted fund balance in the Debt Service Fund at June 30, 2016, \$50,033 is anticipated revenue for the fiscal year ended June 30, 2017 and \$177 is restricted for the next subsequent year's budget.

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.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability.



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$20,496,217 in its governmental activities, which is primarily due to unassigned fund balance of \$1,639,470; \$871,694 of General Fund fund balance assigned for encumbrances; \$53,961 of assigned fund balance designated for subsequent year's expenditures; \$2,945,830 of committed fund balance; changes in pension assumptions of \$2,598,891, changes in proportion in pensions of \$570,903 and the difference between expected and actual pension experience of \$577,328; offset by investment gains in pensions of \$387,380; accrued interest payable of \$554,272, unamortized bond premium of \$2,818,944, \$1,650,918 of compensated absences payable and \$24,267,780 in net pension liability. This deficit does not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred outflow of resources for the deferred amount on refunding bonds, changes in assumptions in pensions, changes in proportion in pensions, the difference between expected and actual pension experience and District pension contribution subsequent to the measurement date at June 30, 2016. The District had deferred inflows of resources at June 30, 2016 for the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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, a maintenance reserve, an emergency reserve, the capital projects fund and the 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 \$2,945,830 of committed fund balance at June 30, 2016 in its 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 \$871,694 and \$53,961 of assigned resources for year-end encumbrances and designated for subsequent year's expenditures, respectively, in the General Fund at June 30, 2016.

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.

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 yearend: property taxes, interest and tuition.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

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 the 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.

W. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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.

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 on the following two pages.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

Custodial Credit Risk - The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

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
- (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;

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

Investments: (Cont'd)

- (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, 2016, cash and cash equivalents of the District consisted of the following:

	<u>Restricted Cash and Cash Equivalents</u>			<u>Cash and Cash Equivalents</u>	<u>Total</u>
	<u>Capital Reserve</u>	<u>Emergency Reserve</u>	<u>Maintenance Reserve</u>		
Checking/Money Market Accounts		\$ 700,000	\$ 260,000	\$ 8,473,261	\$ 9,433,261
NJ ARM	\$ 882,274			69,214	951,488
	<u>\$ 882,274</u>	<u>\$ 700,000</u>	<u>\$ 260,000</u>	<u>\$ 8,542,475</u>	<u>\$ 10,384,749</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$10,384,749 and the bank balance was \$11,470,209. The balance of \$440,933 in NJ ARM is 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.

Beginning Balance, July 1, 2015	\$ 671,135
Add: Interest Earnings	584
Transfer from Unassigned Fund Balance per Board Resolution - June 20, 2016	510,555
Less: Budgeted Withdrawal from Capital Reserve	<u>(300,000)</u>
Ending Balance, June 30, 2016	<u>\$ 882,274</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The balance in the capital reserve account at June 30, 2016 does not exceed the local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 109,045			\$ 109,045
Construction in Progress	124,444	\$ 2,954,145		3,078,589
Total Capital Assets Not Being Depreciated	<u>233,489</u>	<u>2,954,145</u>		<u>3,187,634</u>
Capital Assets Being Depreciated:				
Site Improvements	5,405,584	475,044		5,880,628
Buildings and Building Improvements	75,663,187	179,606		75,842,793
Machinery and Equipment	6,028,945	493,871	\$ (305,265)	6,217,551
Total Capital Assets Being Depreciated	<u>87,097,716</u>	<u>1,148,521</u>	<u>(305,265)</u>	<u>87,940,972</u>
Governmental Activities Capital Assets	<u>87,331,205</u>	<u>4,102,666</u>	<u>(305,265)</u>	<u>91,128,606</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,891,310)	(222,788)		(2,114,098)
Buildings and Building Improvements	(29,686,874)	(1,359,502)		(31,046,376)
Machinery and Equipment	(2,844,248)	(752,341)	163,586	(3,433,003)
	<u>(34,422,432)</u>	<u>(2,334,631)</u>	<u>163,586</u>	<u>(36,593,477)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,908,773</u>	<u>\$ 1,768,035</u>	<u>\$ (141,679)</u>	<u>\$ 54,535,129</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 182,288	\$ 13,163	\$ (5,180)	\$ 190,271
Less: Accumulated Depreciation	<u>(125,007)</u>	<u>(14,482)</u>	<u>4,511</u>	<u>(134,978)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 57,281</u>	<u>\$ (1,319)</u>	<u>\$ (669)</u>	<u>\$ 55,293</u>

The District expended \$4,115,829 on various capital projects during the fiscal year, which included \$2,954,145 of construction projects in progress. The District disposed of assets with a net carrying value of \$141,679 from its governmental activities and \$669 from its business-type activities. District has \$3,070,262 in active construction projects as of June 30, 2016.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,381,066
Special Education Instruction	180,784
Student and Other Instruction Related Services	49,584
General Administration	120,744
School Administration	35,140
Central Services	8,676
Administrative Information Technology	148,938
Operations and Maintenance of Plant	242,042
Student Transportation	81,592
Unallocated	86,065
	<u>\$ 2,334,631</u>

NOTE 6. OPERATING LEASES

The District has commitments to lease copying equipment and digital mailing machines under operating leases which expire in 2020. Future minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2017	\$ 90,553
June 30, 2018	81,716
June 30, 2019	59,231
June 30, 2020	36,232
June 30, 2021	14,226
Total future minimum lease payments	<u>\$ 281,958</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2015</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2016</u>
Serial Bonds Payable	\$ 32,689,000		\$ 3,390,000	\$ 29,299,000
Unamortized Bond Issuance Premium	3,074,662		255,718	2,818,944
Capital Leases Payable	1,944,090	\$ 5,194,449	578,556	6,559,983
Compensated Absences Payable	1,744,045	190,442	283,569	1,650,918
Net Pension Liability	20,216,563	4,051,217		24,267,780
	<u>\$ 59,668,360</u>	<u>\$ 9,436,108</u>	<u>\$ 4,507,843</u>	<u>\$ 64,596,625</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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.

On February 19, 2015, the District issued refunding bonds of \$12,110,000 with interest rates ranging from 4.0% to 5.0% to advance refund \$13,500,000 of the 2007 school bonds with an interest rate of 4.25%. The bonds mature on July 15, 2018 through 2027 and are non-callable. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds are called on July 15, 2017. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

As a result of the advance refunding, the District will realize a total of \$1,368,437 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$1,200,227, or 8.89%, of the bonds refunded.

The District had bonds outstanding as of June 30, 2016 as follows:

<u>Purpose</u>	<u>Serial Bonds</u> Final Maturity Date	<u>Interest</u> Rate	<u>Amount</u>
School Bonds	07/15/19	5.35%	\$ 4,599,000
Refunding Bonds	01/15/22	3.70%	4,930,000
School Bonds	07/15/17	4.25%	1,800,000
Refunding Bonds	09/15/23	3.00%-4.00%	5,860,000
Refunding Bonds	07/15/27	4.00%-5.00%	12,110,000
			<u>\$ 29,299,000</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,505,000	\$ 1,230,757	\$ 4,735,757
2018	3,625,000	1,076,126	4,701,126
2019	3,665,000	919,569	4,584,569
2020	3,714,000	762,311	4,476,311
2021	2,575,000	631,035	3,206,035
Thereafter 5 Years (2022-2026)	9,480,000	1,672,415	11,152,415
Thereafter 5 Years (2027-2028)	2,735,000	136,875	2,871,875
	<u>\$ 29,299,000</u>	<u>\$ 6,429,088</u>	<u>\$ 35,728,088</u>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had \$3,191,000 bonds authorized but not issued.

C. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$255,718 and is separated from the long-term liability balance of \$2,563,226.

D. Capital Leases Payable:

The District is leasing laptops, computers and other related technology equipment under capital leases valued at \$3,931,998, of which \$1,885,015 has matured and been repaid. The capital leases are for terms of five years. On August 7, 2015, the District entered into a \$4,483,000 lease purchase agreement, with a fifteen year term, to fund the implementation of the District's Energy Savings Improvement Program (ESIP), entailing various permitted energy conservation measures under the ESIP Law, throughout the District. As of June 30, 2016, \$-0- has matured and been repaid.

*N.J.S.A. 18A:18A-4.6(c)*, Implementation of an energy savings improvement program by a board of education/board of trustees, provides the authority for public school districts/charter schools to finance an energy savings improvement program through a lease-purchase agreement or through the issuance of energy savings obligations. The ESIP law provides that energy savings obligation shall be funded through appropriations in the General Fund annual budget, on the basis that the costs of implemented energy conservation measures should be fully offset by energy savings to be generated by such measures (on both an annual and aggregate basis).

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2016.

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 1,029,872
2018	1,045,622
2019	849,525
2020	760,157
2021	344,290
Thereafter 5 Years (2022-2026)	1,593,881
Thereafter 5 Years (2027-2031)	1,774,811
Thereafter 5 Years (2032)	93,020
	<u>7,491,178</u>
Less: Amount Representing Interest	<u>(931,195)</u>
Present Value Net of Minimum Lease Payments	<u>\$ 6,559,983</u>

The current portion of capital leases payable at June 30, 2016 is \$874,981 and the long-term portion is \$5,685,002. The General Fund will be used to liquidate the capital leases payable.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

E. Compensated Absences Payable:

The liability for compensated absences of the Governmental fund types is recorded in the current and long-term liabilities. The compensated absences balance of the governmental funds as of June 30, 2016 is \$1,650,918, none of which represents a current liability; therefore, the entire balance is reported as a long-term liability. The General Fund will be used to liquidate compensated absences payable. There is no liability for compensated absences in the Proprietary fund types.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$24,200,039. See Note 8 for further information on the PERS.

The Board of Education Employee's Pension Fund of Essex County's (the "Plan") net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$67,741. See Note 8 for further information on the Plan.

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 Program (DCRP). A small number of the District's retirees participate in the Board of Education Employees' Pension Fund of Essex County (the "Plan").

A. Public Employees' Retirement System (PERS):

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

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

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$926,833 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

P.L. 2009, C.29, provided regular school districts the option of deferring 50% of the District's 2008/2009 regular PERS pension liability. Districts that elected to defer the pension liability began repaying the deferred amount over fifteen years starting in April 2009. The District elected to defer \$236,907 of their \$532,710 regular pension liability for the year ended June 30, 2009 and started repaying this during the 2011/2012 budget year. The District paid \$36,362 of its deferred pension liability during the current fiscal year.

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

At June 30, 2016, the District reported a liability of \$24,200,039 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.108%, which was an increase of 0.0002% from its proportion measured as of June 30, 2014.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$1,749,518. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 518,022	
	2015	5.72	2,080,869	
Changes in Proportion	2014	6.44	541,037	
	2015	5.72	29,866	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00		\$ 902,144
	2015	5.00		(513,054)
Difference Between Expected and Actual Experience	2015	5.72	577,328	
District Contribution Subsequent to the Measurement Date	2015	1.00	1,023,290	
			<u>\$ 3,747,122</u>	<u>\$ 389,090</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 507,398
2017	507,398
2018	507,398
2019	808,112
2020	456,823
	<u>\$ 2,787,129</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

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

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

Long Term Expected Rate of Return

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 30,077,688	\$ 24,200,039	\$ 19,272,261

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

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

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$3,293,323 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$15,701,085.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions (Cont'd)

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$257,146,105. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.392%, which was an increase of 0.014% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>257,146,105</u>
Total	<u>\$ 257,146,105</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$15,701,085 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year of</u> <u>Deferral</u>	<u>Amortization</u> <u>Period</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2014	8.5 years	\$ 1,999,074,013	
	2015	8.3 years	5,201,079,373	
Difference Between Expected and Actual Experience	2015	8.3 years	321,224,871	
	2015	8.5 years		\$ 19,039,817
Net Difference Between Projected and Actual	2014	5 years		1,305,927,430
Investment Earnings on Pension Plan Investments	2015	5 years		<u>(770,568,242)</u>
			<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Fiscal Year Ended June 30, 2015</u>		
	1%	Current	1%
	Decrease (3.13%)	Discount Rate (4.13%)	Increase (5.13%)
Total Net Pension Liability	\$ 305,608,534	\$ 257,146,105	\$ 215,392,822

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. 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 the DCRP. 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.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$20,423 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$30,183 for the fiscal year ended June 30, 2016.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan)

Plan Description

The Board of Education Employees' Pension Fund of Essex County (the "Plan"), is a multiple-employer contributory defined benefit pension plan that provides pension and life insurance benefits to employees of the Boards of Education within Essex County employed before July 1, 1981, except temporary employees and employees eligible for coverage under any New Jersey State administered pension plan created under prior New Jersey laws.

The ECPF became effective April 16, 1929. The Plan provides for retirement, service, and non-service connected death and disability benefits for its members. The Plan is governed by New Jersey Statutes under Title 18A, and is administered by a Board of Trustees for the Plan who is also responsible for the management and investment of Plan assets. The Board of Trustees consists of one active and five retired elected Plan members.

Pursuant to New Jersey Public Law enacted in 1980, members were given the option to transfer their membership in the Plan to the PERS. Approximately 2,775 members, 58% of the membership, elected to transfer to PERS effective July 1, 1981. The Plan is closed to new entrants.

Benefits Provided

Regular service retirement benefits are determined as 1/45<sup>th</sup> of the highest 3 year average salary multiplied by the member's years of credited service. A member may elect early retirement benefits if they are under age 60 and have at least 25 years of credited service. The Plan also offers a special veterans benefit, disability and deferred benefits. Group life insurance benefits and death benefits are available to be paid to beneficiaries if elected by the member.

For more complete information about the Plan agreement and vesting and benefit provisions, participants are referred to the pamphlet, *A Summary of Benefits*. Copies of this pamphlet are available from the Pension Fund Administration Office.

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute assets. District contributions to the Plan amounted to \$10,406 for fiscal year 2016.

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

At June 30, 2016, the District reported a liability of \$67,741 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The District rolled forward the net pension liability to June 30, 2016 with no adjustments. At June 30, 2015, the District's proportion was 0.176%, which was an increase of 0.018% from its proportion measured as of June 30, 2014. The District utilized the proportion at June 30, 2015 for June 30, 2016 as there were no known changes to the proportion as of June 30, 2016.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

At June 30, 2016, the District reported deferred outflows of resources related to pension from the sources noted in the below table. For the fiscal year ended June 30, 2016, the District amortized the deferred outflow of resources at June 30, 2015 by the amount to be amortized for the fiscal year ended June 30, 2016 per the June 30, 2015 actuarial valuation. There were no deferred inflows of resources.

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	5	\$ 1,710
District Contribution Subsequent to the Measurement Date	1	<u>9,437</u>
		<u>\$ 11,147</u>

The amounts reported as a deferred outflow of resources for the net difference between projected and actual investment earnings on pension plan investments only related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2017	\$ 428
2018	427
2019	428
2020	<u>427</u>
	<u>\$ 1,710</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.30%
Salary Increases	4.50%
Investment Rate of Return, net of Plan investment expense, including inflation	7.00%
Cost of Living Adjustments ("COLA")	3.00%

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 separate annuitant and non-annuitant tables with static projections using Scale AA through the valuation year plus 7 years for annuitants and the valuation year plus 15 years for no annuitants. For disabled retirees, mortality rates are based on the 1994 Group Annuity Mortality Table set forward 10 years.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Actuarial Assumptions (Cont'd)

No changes to the actuarial assumptions as of June 30, 2015 are known as of June 30, 2016. Therefore, the actuarial assumptions as of June 30, 2015 were utilized for June 30, 2016.

Long Term Expected Rate of Return

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class including in the Plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
U.S. Fixed Income	40.00%	1.60%
U.S. Large CAP Equities	50.00%	6.70%
U.S. Small CAP Equities	10.00%	6.70%

\* - Net of 2.6% inflation assumption

No changes to the long term expected rate of return as of June 30, 2015 are known as of June 30, 2016. Therefore, the discount rate as of June 30, 2015 was utilized for June 30, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2015. No changes to the discount rate as of June 30, 2015 are known as of June 30, 2016. Therefore, the discount rate as of June 30, 2015 was utilized for June 30, 2016.

The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate of 7%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 92,188	\$ 67,741	\$ 46,588

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

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, 2015, there were 107,314 retirees eligible for post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, C.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$3,921,438, \$3,491,830 and \$3,053,427 for 2016, 2015 and 2014, 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 obtained its health benefit coverage through the New Jersey State Health Benefits Program.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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, 2016 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, 2015 is as follows:

Total Assets	\$ 21,712,514
Net Position	\$ 6,703,267
Total Revenue	\$ 7,287,919
Total Expenses	\$ 6,088,877
Change in Net Position	\$ 1,199,042
Members Dividends	\$ 1,274,700

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.



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ -0-	\$ -0-	\$ 73,731	\$ 47,686	\$ 413,399
2014-2015	-0-	-0-	71,394	59,592	387,354
2013-2014	50,000	-0-	69,136	69,031	375,552

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 AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 6,302	
Special Revenue Fund		\$ 6,302
Capital Projects Fund		176
Debt Service Fund	176	
	<u>\$ 6,478</u>	<u>\$ 6,478</u>

The interfund payable in the Capital Projects Fund is comprised of \$176 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 reimbursements of expenditures from grantors.

During the fiscal year, the District transferred \$50,000 of unexpended Capital Projects Fund to the Debt Service Fund.

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, permit 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)  
AXA Equitable

Lincoln Investment Planning  
Prudential

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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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 faced with claims and lawsuits arising from its operations. The District is vigorously contesting these lawsuits and estimates that any potential claims or judgments resulting from any litigation and not covered by insurance would not materially affect its financial position.

A judgment was entered against the District in June 2016, in the amount of \$2,226,568. Although the District has filed a notice of appeal with the Appellate Division of the Superior Court of New Jersey, a potential liability based upon a settlement offer has been accrued on the district-wide financial statements as of June 30, 2016.

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 871,694	\$ -0-	\$ 2,640,866	\$ 3,512,560

The \$2,640,866 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$2,945,830 committed fund balance on a GAAP basis at June 30, 2016, which is \$55,394 less than the committed fund balance on a budgetary basis because SDA grants receivable are not recognized on the GAAP basis until the reimbursement request has been submitted to the State.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 16. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2016 consisted of the following:

	<u>Governmental Funds</u>			District	Accrued	Total	Business-
	General	Special	Capital	Contribution			Governmental
	Fund	Revenue	Projects	Subsequent to	Expense	Activities	Proprietary
		Fund	Fund	the Measure-			Funds
				ment Date			
State of New Jersey		\$ 38,359		\$ 1,032,727		\$ 1,071,086	
Salaries	\$ 316,603	5,370				321,973	
Vendors	391,734	79,382	\$ 5,011		\$ 75,000	551,127	\$ 108,633
	<u>\$ 708,337</u>	<u>\$ 123,111</u>	<u>\$ 5,011</u>	<u>\$ 1,032,727</u>	<u>\$ 75,000</u>	<u>\$ 1,944,186</u>	<u>\$ 108,633</u>

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District transferred \$97,562 to the capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 18. 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 1<sup>st</sup> and June 30<sup>th</sup> 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.

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

Beginning Balance, July 1, 2015	<u>\$ 700,000</u>
Ending Balance, June 30, 2016	<u>\$ 700,000</u>

NOTE 19. SHORT TERM GRANT ANTICIPATION NOTE PAYABLE

On December 10, 2015, the District issued a grant anticipation note in the amount of \$1,073,000 with a 0.93% interest rate for cash flow purposes to pay for School Development Authority ("SDA") approved projects before grant funds are received from the SDA. The note will mature on December 9, 2016.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

NOTE 20. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$260,000 was established by the District on June 20, 2016. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes.

Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line item account.

In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Add: Transfer from Unassigned Fund Balance as of Board Resolution - June 20, 2016	\$ 260,000
Ending Balance, June 30, 2016	<u>\$ 260,000</u>

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's Proportion of the Net Pension Liability	0.1076168755%	0.1078048987%
District's Proportionate Share of the Net Pension Liability	\$ 20,148,822	\$ 24,200,039
District's Covered Employee Payroll	\$ 7,249,288	\$ 7,677,902
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	277.94%	315.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 887,178	\$ 926,833
Contributions in relation to the Contractually Required Contribution	<u>(887,178)</u>	<u>(926,833)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 7,677,902	\$ 7,774,941
Contributions as a Percentage of Covered Employee Payroll	11.55%	11.92%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ASSOCIATED WITH THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,	
	2015	2016
State's Proportion of the Net Pension Liability Attributable to the District	0.3926406613%	0.4068492581%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 209,853,654	\$ 257,146,105
District's Covered Employee Payroll	\$ 41,199,177	\$ 42,109,191
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	509.36%	610.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.



MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 11,292,097	\$ 15,701,085
Contributions in relation to the contractually required contribution	<u>(2,199,576)</u>	<u>(3,293,323)</u>
Contribution deficiency/(excess)	<u>\$ 9,092,521</u>	<u>\$ 12,407,762</u>
District's covered employee payroll	\$ 42,109,191	\$ 41,787,246
Contributions as a percentage of covered employee payroll	5.22%	7.88%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's Proportion of the Net Pension Liability	0.1758652%	0.1758652%
District's Proportionate Share of the Net Pension Liability	\$ 67,741	\$ 67,741
District's Covered Employee Payroll	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	76.05%	76.05%

\* Fiduciary Net Position Excludes an Amount Designated for Insurance Benefits of \$19,628,046 for fiscal years ending June 30, 2015 and June 30, 2016.

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 10,293	\$ 10,406
Contributions in Relation to the Contractually Required Contribution	<u>(10,293)</u>	<u>(10,406)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

C. BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY

Benefit Changes

There were none known.

Changes of Assumptions

There were none known.

BUDGETARY COMPARISON SCHEDULES

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<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	\$ 77,515,026		\$ 77,515,026	\$ 77,515,026	
Tuition From Other LEAs				99,060	\$ 99,060
Tuition From Individuals				110,198	110,198
Transportation Fees From Individuals	550,000		550,000	715,380	165,380
Interest Earned on Capital Reserve Funds	100		100	584	484
Unrestricted Miscellaneous Revenue	397,999		397,999	146,795	(251,204)
Total - Local Sources	<u>78,463,125</u>		<u>78,463,125</u>	<u>78,587,043</u>	<u>123,918</u>
State Sources:					
Transportation Aid	132,617		132,617	132,617	
Special Education Aid	1,673,693		1,673,693	1,673,693	
Other State Aid	98,800		98,800	98,800	
Security Aid	76,672		76,672	76,672	
Extraordinary Special Education Costs Aid	500,000		500,000	683,711	183,711
Excess Nonpublic School Transportation Costs				37,675	37,675
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				3,293,323	3,293,323
TPAF Post Retirement Medical Benefits Contributions (On-Behalf - Non-Budgeted)				3,921,438	3,921,438
TPAF Social Security (Reimbursed - Non-Budgeted)				2,981,850	2,981,850
Total State Sources	<u>2,481,782</u>		<u>2,481,782</u>	<u>12,899,779</u>	<u>10,417,997</u>
Total Revenues	<u>80,944,907</u>		<u>80,944,907</u>	<u>91,486,822</u>	<u>10,541,915</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 190,936		\$ 190,936	\$ 187,071	\$ 3,865
Kindergarten - Salaries of Teachers	1,664,198	\$ 68,423	1,732,621	1,693,651	38,970
Grades 1-5 - Salaries of Teachers	10,135,497	43,532	10,179,029	10,091,062	87,967
Grades 6-8 - Salaries of Teachers	6,629,877	61,316	6,691,193	6,529,380	161,813
Grades 9-12 - Salaries of Teachers	9,764,339	(69,993)	9,694,346	9,497,060	197,286
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000	(5,633)	29,367	22,269	7,098
Purchased Professional-Educational Services	5,000	5,000	10,000	8,763	1,237
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	121,676	33,891	155,567	142,596	12,971
Purchased Professional-Educational Services	152,370	(6,424)	145,946	140,977	4,969
Purchased Technical Services	725,221	(209,399)	515,822	489,022	26,800
Other Purchased Services	578,542	4,032	582,574	573,715	8,859
General Supplies	764,476	342,098	1,106,574	958,029	148,545
Textbooks	505,258	(28,788)	476,470	328,741	147,729
Total Regular Programs - Instruction	<u>31,272,390</u>	<u>238,055</u>	<u>31,510,445</u>	<u>30,662,336</u>	<u>848,109</u>
Special Education - Instruction:					
Cognitive - Moderate:					
Purchased Professional-Educational Services	2,550	(2,550)			
Total Cognitive - Moderate	<u>2,550</u>	<u>(2,550)</u>			

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction: (Cont'd)					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 313,054	\$ (19,209)	\$ 293,845	\$ 289,870	\$ 3,975
Other Salaries for Instruction	60,230	(57,730)	2,500		2,500
General Supplies	8,000	(6,988)	1,012	1,012	
Textbooks	2,000	(1,707)	293	293	
Total Learning and/or Language Disabilities	<u>383,284</u>	<u>(85,634)</u>	<u>297,650</u>	<u>291,175</u>	<u>\$ 6,475</u>
Auditory Impairments:					
Salaries of Teachers	81,800	(30,485)	51,315	50,000	1,315
Purchased Professional-Educational Services		26,452	26,452	26,452	
General Supplies	500		500	217	283
Total Auditory Impairments	<u>82,300</u>	<u>(4,033)</u>	<u>78,267</u>	<u>76,669</u>	<u>1,598</u>
Multiple Disabilities:					
Salaries of Teachers	180,336	29,412	209,748	207,407	2,341
Other Salaries for Instruction	89,595	(29,865)	59,730	56,770	2,960
General Supplies	200	(101)	99	99	
Textbooks	300	(300)			
Total Multiple Disabilities	<u>270,431</u>	<u>(854)</u>	<u>269,577</u>	<u>264,276</u>	<u>5,301</u>
Resource Room/Resource Center:					
Salaries of Teachers	4,223,897	107,507	4,331,404	4,325,730	5,674
General Supplies	19,800	(14,150)	5,650	5,650	
Textbooks	28,250	(16,341)	11,909	11,909	
Total Resource Room/Resource Center	<u>4,271,947</u>	<u>77,016</u>	<u>4,348,963</u>	<u>4,343,289</u>	<u>5,674</u>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Autism:					
Salaries of Teachers	\$ 68,968	\$ 2,385	\$ 71,353	\$ 69,100	\$ 2,253
Other Salaries for Instruction	62,144	(1,573)	60,571	41,097	19,474
General Supplies	3,000		3,000	2,509	491
Total Autism	<u>134,112</u>	<u>812</u>	<u>134,924</u>	<u>112,706</u>	<u>22,218</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	40,000	(420)	39,580	39,580	
Other Salaries for Instruction	25,000	25,349	50,349	50,349	
General Supplies	3,000	(800)	2,200	1,634	566
Total Preschool Disabilities - Part-Time	<u>68,000</u>	<u>24,129</u>	<u>92,129</u>	<u>91,563</u>	<u>566</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	55,368		55,368	53,115	2,253
Other Salaries for Instruction	30,265		30,265	28,585	1,680
General Supplies	1,000	(1,000)			
Total Preschool Disabilities - Part-Time	<u>86,633</u>	<u>(1,000)</u>	<u>85,633</u>	<u>81,700</u>	<u>3,933</u>
Home Instruction:					
Salaries of Teachers	38,000	26,562	64,562	64,561	1
Purchased Professional-Educational Services	35,000	(7,500)	27,500	18,775	8,725
Total Home Instruction	<u>73,000</u>	<u>19,062</u>	<u>92,062</u>	<u>83,336</u>	<u>8,726</u>
Total Special Education - Instruction	<u>5,372,257</u>	<u>26,948</u>	<u>5,399,205</u>	<u>5,344,714</u>	<u>54,491</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 1,044,465	\$ (3,586)	\$ 1,040,879	\$ 1,038,743	\$ 2,136
General Supplies	4,000		4,000	3,919	81
Total Basic Skills/Remedial - Instruction	<u>1,048,465</u>	<u>(3,586)</u>	<u>1,044,879</u>	<u>1,042,662</u>	<u>2,217</u>
Bilingual Education - Instruction:					
Salaries of Teachers	340,436		340,436	339,617	819
Purchased Technical Services	500		500		500
General Supplies	2,000		2,000	1,746	254
Textbooks	1,000		1,000	331	669
Other Objects	400		400		400
Total Bilingual Education - Instruction	<u>344,336</u>		<u>344,336</u>	<u>341,694</u>	<u>2,642</u>
School Sponsored Cocurricular Activities:					
Salaries	351,037		351,037	333,315	17,722
Other Objects	92,200		92,200	88,123	4,077
Total School-Sponsored Cocurricular Activities	<u>443,237</u>		<u>443,237</u>	<u>421,438</u>	<u>21,799</u>
School-Sponsored Athletics:					
Salaries	758,841	4,513	763,354	763,053	301
Purchased Services	136,221	(2,476)	133,745	119,031	14,714
Supplies and Materials	79,147	3,354	82,501	75,624	6,877
Other Objects	20,865	(6,384)	14,481	12,481	2,000
Total School-Sponsored Athletics	<u>995,074</u>	<u>(993)</u>	<u>994,081</u>	<u>970,189</u>	<u>23,892</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Community Services Programs:					
Salaries	\$ 50,000	\$ (5,000)	\$ 45,000	\$ 30,699	\$ 14,301
Total Community Services Programs	<u>50,000</u>	<u>(5,000)</u>	<u>45,000</u>	<u>30,699</u>	<u>14,301</u>
 Total Instruction	 <u>39,525,759</u>	 <u>255,424</u>	 <u>39,781,183</u>	 <u>38,813,732</u>	 <u>967,451</u>
 Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	394,387	(276,830)	117,557	117,557	
Tuition to County Vocational School - Special	14,000	19,952	33,952	33,952	
Tuition to Private Schools for the Handicapped Within State	1,573,499	(231,350)	1,342,149	1,329,596	12,553
Tuition to Private Schools for the Handicapped Outside State	95,000	650,340	745,340	745,339	1
Total Undistributed Expenditures - Instruction	<u>2,076,886</u>	<u>162,112</u>	<u>2,238,998</u>	<u>2,226,444</u>	<u>12,554</u>
 Undistributed Expenditures:					
Health Services:					
Salaries	651,240	(63,417)	587,823	578,750	9,073
Purchased Professional and Technical Services	33,364	11,400	44,764	41,025	3,739
Other Purchased Services	100	(96)	4.00	4	
Supplies and Materials	14,411	(3,713)	10,698	9,426	1,272
Other Objects	1,150	354	1,504	1,393	111
Total Health Services	<u>700,265</u>	<u>(55,472)</u>	<u>644,793</u>	<u>630,598</u>	<u>14,195</u>
 Speech, OT, PT & Related Services:					
Salaries	1,371,857	(38,178)	1,333,679	1,332,302	1,377
Purchased Professional - Educational Services	180,000	(34,320)	145,680	131,770	13,910
Supplies and Materials	7,000	(3,120)	3,880	3,880	
Total Speech, OT, PT & Related Services	<u>1,558,857</u>	<u>(75,618)</u>	<u>1,483,239</u>	<u>1,467,952</u>	<u>15,287</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Other Support Services - Extraordinary Services:					
Salaries	\$ 1,866,277	\$ 170,931	\$ 2,037,208	\$ 2,016,185	\$ 21,023
Supplies and Materials	900	(206)	694	529	165
Total Other Support Services - Extraordinary Services	<u>1,867,177</u>	<u>170,725</u>	<u>2,037,902</u>	<u>2,016,714</u>	<u>21,188</u>
Guidance:					
Salaries of Other Professional Staff	1,131,805	819	1,132,624	1,132,624	
Salaries of Secretarial and Clerical Assistants	183,133		183,133	182,808	325
Other Salaries	104,750		104,750	104,750	
Purchased Professional-Educational Services	32,000		32,000	30,287	1,713
Other Purchased Services	3,500		3,500	1,948	1,552
Total Guidance	<u>1,455,188</u>	<u>819</u>	<u>1,456,007</u>	<u>1,452,417</u>	<u>3,590</u>
Child Study Team:					
Salaries of Other Professional Staff	2,492,286	(189,118)	2,303,168	2,302,210	958
Salaries of Secretarial and Clerical Assistants	267,841		267,841	267,841	
Unused Vacation Payment to Terminated/Retired Staff		10,504	10,504	10,504	
Purchased Professional - Educational Services		12,194	12,194	12,194	
Other Purchased Professional and Technical Services	98,000	(10,897)	87,103	81,286	5,817
Miscellaneous Purchased Services	3,000	(789)	2,211	1,886	325
Supplies and Materials	37,000	(3,847)	33,153	32,231	922
Other Objects	5,500	(4,132)	1,368	1,368	
Total Child Study Team	<u>2,903,627</u>	<u>(186,085)</u>	<u>2,717,542</u>	<u>2,709,520</u>	<u>8,022</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	650,533	7,147	657,680	655,941	1,739
Salaries of Other Professional Staff	599,308	(38,598)	560,710	541,217	19,493

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Improvement of Instructional Services: (Cont'd)					
Salaries of Secretarial and Clerical Assistants	\$ 67,505	\$ 1	\$ 67,506	\$ 67,505	\$ 1
Other Purchased Services	2,900	(199)	2,701	144	2,557
Supplies and Materials	32,600	(9,400)	23,200	18,886	4,314
Other Objects	11,000		11,000	9,695	1,305
Total Improvement of Instructional Services	<u>1,363,846</u>	<u>(41,049)</u>	<u>1,322,797</u>	<u>1,293,388</u>	<u>29,409</u>
Educational Media Services/School Library:					
Salaries	657,747	22,974	680,721	657,783	22,938
Supplies and Materials	163,681	(9,480)	154,201	148,475	5,726
Total Educational Media Services/School Library	<u>821,428</u>	<u>13,494</u>	<u>834,922</u>	<u>806,258</u>	<u>28,664</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	111,000	(65,925)	45,075	41,926	3,149
Other Salaries	58,600	(27,398)	31,202	19,221	11,981
Purchased Professional - Educational Services	27,500	78,953	106,453	96,653	9,800
Other Purchased Services	2,500	(68)	2,432	1,474	958
Supplies and Materials	4,500		4,500	3,813	687
Other Objects	37,300	(4,510)	32,790	27,816	4,974
Total Instructional Staff Training Services	<u>241,400</u>	<u>(18,948)</u>	<u>222,452</u>	<u>190,903</u>	<u>31,549</u>
General Administration:					
Salaries	351,509	3,347	354,856	354,354	502
Legal Services	262,020	92,584	354,604	316,749	37,855
Audit Fees	50,000	2,500	52,500	52,500	
Architectural/Engineering Services	31,613	76,504	108,117	92,618	15,499

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
General Administration: (Cont'd)					
Other Purchased Professional Services	\$ 12,500	\$ (8,500)	\$ 4,000	\$ 3,341	\$ 659
Communications/Telephone	106,500	(7,722)	98,778	97,176	1,602
BOE Other Purchased Services	1,000	1,399	2,399	2,039	360
Miscellaneous Purchased Services (400-500)	57,625	(5,429)	52,196	52,097	99
General Supplies	7,700	(2,650)	5,050	1,926	3,124
BOE In-House Training/Meeting Supplies	1,000	(200)	800	304	496
Miscellaneous Expenditures	133,100	45,623	178,723	35,310	143,413
BOE Membership Dues and Fees	30,000		30,000	29,163	837
<b>Total General Administration</b>	<b>1,044,567</b>	<b>197,456</b>	<b>1,242,023</b>	<b>1,037,577</b>	<b>204,446</b>
School Administration:					
Salaries of Principals/Assistant Principals	1,704,340	1,002	1,705,342	1,705,341	1
Salaries of Other Professional Staff	592,287	(80,515)	511,772	501,622	10,150
Salaries of Secretarial and Clerical Assistants	829,939	(25,100)	804,839	797,450	7,389
Other Salaries	5,000	(432)	4,568	2,380	2,188
Unused Vacation Payment to Terminated / Retired Staff		16,733	16,733	16,732	1
Supplies and Materials	157,984	(31,161)	126,823	113,358	13,465
Other Objects	41,500	14	41,514	22,170	19,344
<b>Total School Administration</b>	<b>3,331,050</b>	<b>(119,459)</b>	<b>3,211,591</b>	<b>3,159,053</b>	<b>52,538</b>
Central Services:					
Salaries	840,678	(5,096)	835,582	834,619	963
Unused Vacation Payment to Terminated / Retired Staff		19,921	19,921	19,921	
Purchased Professional Services		72,000	72,000	72,000	
Purchased Technical Services	63,483	(6,966)	56,517	49,206	7,311
Miscellaneous Purchased Services	2,000	(500)	1,500	374	1,126

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Central Services: (Cont'd)					
Supplies and Materials	\$ 23,300	\$ 6,966	\$ 30,266	\$ 11,013	\$ 19,253
Interest on Grant Anticipation Notes		7,941	7,941	7,940	1
Miscellaneous Expenditures	110,875	(7,941)	102,934	79,339	23,595
Total Central Services	<u>1,040,336</u>	<u>86,325</u>	<u>1,126,661</u>	<u>1,074,412</u>	<u>52,249</u>
Administrative Information Technology:					
Salaries	754,397	104	754,501	754,106	395
Purchased Professional Services	17,225	9,447	26,672	11,672	15,000
Purchased Technical Services	20,400	(5,058)	15,342	15,342	
Other Purchased Services	3,500	(189)	3,311	3,311	
Supplies and Materials	17,500	(16,696)	804	804	
Other Objects	2,000	(1,750)	250	250	
Total Administrative Information Technology	<u>815,022</u>	<u>(14,142)</u>	<u>800,880</u>	<u>785,485</u>	<u>15,395</u>
Required Maintenance for School Facilities:					
Salaries	380,415	14,438	394,853	385,605	9,248
Unused Vacation Payment to Terminated / Retired Staff		31,577	31,577	31,577	
Cleaning, Repair and Maintenance Services	655,991	(108,179)	547,812	534,845	12,967
General Supplies	220,000	(4,396)	215,604	214,383	1,221
Other Objects	52,688	5,783	58,471	35,813	22,658
Total Required Maintenance for School Facilities	<u>1,309,094</u>	<u>(60,777)</u>	<u>1,248,317</u>	<u>1,202,223</u>	<u>46,094</u>
Custodial Services:					
Salaries	2,182,628	38,137	2,220,765	2,202,629	18,136
Salararies of Non-Instructional Aides	460,047	(5,647)	454,400	443,571	10,829

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Custodial Services: (Cont'd)					
Unused Vacation Payment to Terminated / Retired Staff		\$ 2,352	\$ 2,352	\$ 2,352	
Purchased Professional and Technical Services	\$ 43,000	(2,520)	40,480	35,423	\$ 5,057
Cleaning, Repair and Maintenance Services	447,135	(60,574)	386,561	301,224	85,337
Other Purchased Property Services	110,000		110,000	81,417	28,583
Insurance	500,755	(1,275)	499,480	418,300	81,180
Miscellaneous Purchased Services	3,500	(335)	3,165	144	3,021
General Supplies	190,766	(11,555)	179,211	173,191	6,020
Energy (Natural Gas)	382,500		382,500	208,737	173,763
Energy (Electricity)	893,281		893,281	612,059	281,222
Other Objects	5,080	979	6,059	5,884	175
Total Custodial Services	<u>5,218,692</u>	<u>(40,438)</u>	<u>5,178,254</u>	<u>4,484,931</u>	<u>693,323</u>
Care & Upkeep of Grounds:					
Salaries	179,857	2	179,859	167,741	12,118
Cleaning, Repair and Maintenance Services	33,070	6,918	39,988	39,988	
General Supplies	20,000	(3,493)	16,507	15,145	1,362
Total Care & Upkeep of Grounds	<u>232,927</u>	<u>3,427</u>	<u>236,354</u>	<u>222,874</u>	<u>13,480</u>
Security:					
Salaries	217,220	(6,902)	210,318	205,500	4,818
Cleaning, Repair and Maintenance Services	18,000	(6,982)	11,018	11,018	
General Supplies	13,468	(449)	13,019	13,018	1
Total Security	<u>248,688</u>	<u>(14,333)</u>	<u>234,355</u>	<u>229,536</u>	<u>4,819</u>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	\$ 134,565	\$ 20,961	\$ 155,526	\$ 151,473	\$ 4,053
Between Home and School - Regular	198,688	(8,442)	190,246	188,125	2,121
Between Home and School - Special Education	247,955	(18,895)	229,060	225,930	3,130
Other than Between Home and School	80,500	(9,368)	71,132	60,603	10,529
Unused Vacation Payment to Terminated / Retired Staff		6,217	6,217	6,216	1
Cleaning, Repair and Maintenance Services	51,000		51,000	48,596	2,404
Lease Payments - Buses	19,288		19,288	19,287	1
Contracted Services:					
Between Home and School -Vendors	1,106,218	(1,074,545)	31,673	31,672	1
Other than Between Home and School -Vendors	145,073	(17,903)	127,170	104,053	23,117
Special Education Students - Vendors	9,180		9,180	9,000	180
Regular Education Students - ESCs & CTSAs		1,128,732	1,128,732	1,127,824	908
Special Education Students - ESCs & CTSAs	580,000	50,000	630,000	574,540	55,460
Aid in Lieu of Payments for Nonpublic School Students	250,000	(74,187)	175,813	163,324	12,489
Miscellaneous Purchased Services - Transportation	22,682	2,550	25,232	20,358	4,874
General Supplies	42,000	(2,000)	40,000	16,366	23,634
Transportation Supplies	1,000	(550)	450	104	346
Other Objects	1,600		1,600	209	1,391
Total Student Transportation Services	<u>2,889,749</u>	<u>2,570</u>	<u>2,892,319</u>	<u>2,747,680</u>	<u>144,639</u>
Unallocated Benefits:					
Social Security Contributions	1,055,325		1,055,325	1,023,051	32,274
Other Retirement Contributions - PERS	1,039,197	(50,000)	989,197	926,833	62,364
Other Retirement Contributions - Deferred PERS Pymt	37,500		37,500	36,362	1,138

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Unallocated Benefits:					
Other Retirement Contributions - Regular	\$ 40,500		\$ 40,500	\$ 30,829	\$ 9,671
Workmen's Compensation	417,876	\$ (58,390)	359,486	359,486	
Health Benefits	10,340,786	(381,404)	9,959,382	9,587,677	371,705
Tuition Reimbursement	139,600	4,328	143,928	118,036	25,892
Other Employee Benefits	465,600	16,135	481,735	478,242	3,493
Unused Sick Payment to Terminated / Retired Staff	125,000	71,267	196,267	196,266	1
Total Unallocated Benefits	<u>13,661,384</u>	<u>(398,064)</u>	<u>13,263,320</u>	<u>12,756,782</u>	<u>506,538</u>
On-Behalf Contributions (Non-budgeted):					
TPAF Pension Contributions				3,293,323	(3,293,323)
TPAF Post Retirement Medical Benefits Contributions				3,921,438	(3,921,438)
Reimbursed TPAF Social Security Contributions				2,981,850	(2,981,850)
Total On-Behalf Contributions (Non-Budgeted)				<u>10,196,611</u>	<u>(10,196,611)</u>
Total Employee Benefits	<u>13,661,384</u>	<u>(398,064)</u>	<u>13,263,320</u>	<u>22,953,393</u>	<u>(9,690,073)</u>
Total Undistributed Expenditures	<u>42,780,183</u>	<u>(387,457)</u>	<u>42,392,726</u>	<u>50,691,358</u>	<u>(8,298,632)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>82,305,942</u>	<u>(132,033)</u>	<u>82,173,909</u>	<u>89,505,090</u>	<u>(7,331,181)</u>
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5		5,923	5,923	5,923	
Grades 9-12	57,001	(965)	56,036	56,036	

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY: (Cont'd)					
Equipment: (Cont'd)					
School Sponsored and Other Instructional Program	\$ 10,000	\$ 18,013	\$ 28,013	\$ 27,604	\$ 409
Undistributed Expenditures:					
Instruction	328,999	(6,191)	322,808	83,883	238,925
Support Services - Students		2,379	2,379	2,379	
Required Maintenance for School Facilities		21,773	21,773	21,773	
Care and Upkeep of Grounds		56,630	56,630		56,630
Total Equipment	<u>396,000</u>	<u>97,562</u>	<u>493,562</u>	<u>197,598</u>	<u>295,964</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	20,000	(16,603)	3,397	3,397	
Construction Services	680,000	16,603	696,603	517,573	179,030
Assessment for Debt Service on SDA Funding	76,212		76,212	76,212	
Total Facilities Acquisition and Construction Services	<u>776,212</u>	<u></u>	<u>776,212</u>	<u>597,182</u>	<u>179,030</u>
Assets Acquired Under Capital Leases (Non-Budgeted):					
Regular Programs - Equipment				711,449	(711,449)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				<u>711,449</u>	<u>(711,449)</u>
 TOTAL CAPITAL OUTLAY	 <u>1,172,212</u>	 <u>97,562</u>	 <u>1,269,774</u>	 <u>1,506,229</u>	 <u>(236,455)</u>
 TOTAL EXPENDITURES	 <u>83,478,154</u>	 <u></u>	 <u>83,478,154</u>	 <u>91,045,790</u>	 <u>(7,567,636)</u>
 Transfer of Funds to Charter Schools		 <u>34,471</u>	 <u>34,471</u>	 <u>34,471</u>	
 Excess/(Deficit) of Revenues Over/(Under) Expenditures	 <u>(2,533,247)</u>	 <u></u>	 <u>(2,533,247)</u>	 <u>441,032</u>	 <u>2,974,279</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources:					
Transfer from Capital Projects Fund - Interest				\$ 26	\$ 26
Capital Leases (Non-budgeted)				711,449	711,449
Total Other Financing Sources				711,475	711,475
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures	\$ (2,533,247)		\$ (2,533,247)	1,152,507	3,685,754
Fund Balance, July 1	7,123,563		7,123,563	7,123,563	
Fund Balance, June 30	\$ 4,590,316	\$ -0-	\$ 4,590,316	\$ 8,276,070	\$ 3,685,754
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 882,274	
Emergency Reserve				700,000	
Maintenance Reserve				260,000	
Excess Surplus - Restricted For 2017-2018				1,842,000	
Excess Surplus - Restricted For 2016-2017				1,842,000	
Assigned Fund Balance:					
Year End Encumbrances				871,694	
Designated for Subsequent Year's Expenditures				53,961	
Unassigned Fund Balance				1,824,141	
				8,276,070	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(184,671)	
Fund Balance per Governmental Funds (GAAP)				\$ 8,091,399	

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 182,671	\$ 182,671	\$ 169,761	\$ (12,910)
State Sources	\$ 243,226	28,875	272,101	238,879	(33,222)
Federal Sources	1,267,304	133,957	1,401,261	1,314,475	(86,786)
Total Revenues	<u>1,510,530</u>	<u>345,503</u>	<u>1,856,033</u>	<u>1,723,115</u>	<u>(132,918)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		190,375	190,375	187,777	2,598
Purchased Professional and Technical Services		1,200	1,200	1,200	
Purchased Professional - Educational Services	73,983	(20,955)	53,028	36,716	16,312
Other Purchased Services		12,600	12,600	12,600	
Tuition	847,122	25,232	872,354	872,354	
General Supplies		59,398	59,398	51,288	8,110
Textbooks	32,053	(1,047)	31,006	27,540	3,466
Other Objects	17,897	162,524	180,421	169,761	10,660
Total Instruction	<u>971,055</u>	<u>429,327</u>	<u>1,400,382</u>	<u>1,359,236</u>	<u>41,146</u>
Support Services:					
Salaries of Other Professional Staff		52,990	52,990	47,990	5,000
Personal Services - Employee Benefits		46,896	46,896	44,629	2,267
Purchased Professional and Technical Services	59,425	88,290	147,715	95,988	51,727
Purchased Professional-Educational Services	149,888	10,486	160,374	150,502	9,872
Other Purchased Services	49,277	(15,426)	33,851	14,027	19,824
Supplies and Materials		13,575	13,575	10,493	3,082
Other Objects	280,885	(280,635)	250	250	
Total Support Services	<u>539,475</u>	<u>(83,824)</u>	<u>455,651</u>	<u>363,879</u>	<u>91,772</u>
Total Expenditures	<u>\$ 1,510,530</u>	<u>\$ 345,503</u>	<u>\$ 1,856,033</u>	<u>\$ 1,723,115</u>	<u>\$ 132,918</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

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	\$ 91,486,822	\$ 1,723,115
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	186,952	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(184,671)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 91,489,103	\$ 1,723,115
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 91,045,790	\$ 1,723,115
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 91,045,790	\$ 1,723,115

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. 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 of the annual budgets 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 the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

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, 2016

	I.D.E.A.		No Child Left Behind			Title III Immigrant
	Basic 2015-16	Preschool 2015-16	Title I 2015-16	Title IIA 2015-16	Title III 2015-16	
<b>REVENUES:</b>						
Local Sources						
State Sources						
Federal Sources	\$ 929,983	\$ 52,025	\$ 247,653	\$ 47,152	\$ 17,319	\$ 20,343
<b>Total Revenues</b>	<u>929,983</u>	<u>52,025</u>	<u>247,653</u>	<u>47,152</u>	<u>17,319</u>	<u>20,343</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers			177,670		5,395	4,712
Purchased Professional and Technical Services					1,200	
Purchased Professional - Educational Services						
Other Purchased Services		12,600				
Tuition	872,354					
General Supplies			15,380		7,010	15,270
Textbooks						
Other Objects						
<b>Total Instruction</b>	<u>872,354</u>	<u>12,600</u>	<u>193,050</u>		<u>13,605</u>	<u>19,982</u>
Support Services:						
Salaries of Other Professional Staff	4,000		8,150	34,500	1,340	
Personal Services - Employee Benefits	306		34,843	8,604	515	361
Purchased Professional and Technical Services	53,323	39,425	3,240			
Purchased Professional - Educational Services						
Other Purchased Services			8,370	4,048	1,609	
Supplies and Materials						
Other Objects					250	
<b>Total Support Services</b>	<u>57,629</u>	<u>39,425</u>	<u>54,603</u>	<u>47,152</u>	<u>3,714</u>	<u>361</u>
<b>Total Expenditures</b>	<u>\$ 929,983</u>	<u>\$ 52,025</u>	<u>\$ 247,653</u>	<u>\$ 47,152</u>	<u>\$ 17,319</u>	<u>\$ 20,343</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Nonpublic Auxiliary Services</u>		<u>Nonpublic Handicapped Services</u>		
	<u>English As a Second Language</u>	<u>Compensatory Education</u>	<u>Supplementary Instruction</u>	<u>Examination and Classification</u>	<u>Corrective Speech</u>
REVENUES:					
Local Sources					
State Sources	\$ 1,725	\$ 14,721	\$ 20,270	\$ 65,768	\$ 35,864
Federal Sources					
Total Revenues	<u>1,725</u>	<u>14,721</u>	<u>20,270</u>	<u>65,768</u>	<u>35,864</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services					
Purchased Professional - Educational Services	1,725	14,721	20,270		
Other Purchased Services					
Tuition					
General Supplies					
Textbooks					
Other Objects					
Total Instruction	<u>1,725</u>	<u>14,721</u>	<u>20,270</u>		
Support Services:					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services					
Purchased Professional - Educational Services				65,768	35,864
Other Purchased Services					
Supplies and Materials					
Other Objects					
Total Support Services				<u>65,768</u>	<u>35,864</u>
Total Expenditures	<u>\$ 1,725</u>	<u>\$ 14,721</u>	<u>\$ 20,270</u>	<u>\$ 65,768</u>	<u>\$ 35,864</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, 2016

REVENUES:	Private	Nonpublic			Totals	
	Donations	Nursing	Textbooks	Technology Initiative		Security Aid
Local Sources	\$ 169,761				\$ 169,761	
State Sources		\$ 48,870	\$ 27,540	\$ 13,628	\$ 10,493	238,879
Federal Sources						1,314,475
Total Revenues	169,761	48,870	27,540	13,628	10,493	1,723,115
EXPENDITURES:						
Instruction:						
Salaries of Teachers						187,777
Purchased Professional and Technical Services						1,200
Purchased Professional - Educational Services						36,716
Other Purchased Services						12,600
Tuition						872,354
General Supplies				13,628		51,288
Textbooks			27,540			27,540
Other Objects	169,761					169,761
Total Instruction	169,761		27,540	13,628		1,359,236
Support Services:						
Salaries of Other Professional Staff						47,990
Personal Services - Employee Benefits						44,629
Purchased Professional and Technical Services						95,988
Purchased Professional - Educational Services		48,870				150,502
Other Purchased Services						14,027
Supplies and Materials					10,493	10,493
Other Objects						250
Total Support Services		48,870			10,493	363,879
Total Expenditures	\$ 169,761	\$ 48,870	\$ 27,540	\$ 13,628	\$ 10,493	\$ 1,723,115

CAPITAL PROJECTS FUND

Exhibit F-1

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, 2016

Revenue and Other Financing Sources:	
Interest on Investments	\$ 202
Lease Purchase Agreement Proceeds	4,483,000
	4,483,202
Total Revenue and Other Financing Sources	
	4,483,202
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	249,571
Construction Services	2,704,574
Transfer to General Fund:	
Interest on Investments	26
Transfer to Debt Service Fund:	
Interest on Investments	176
Unexpended Bond Proceeds	50,000
	3,004,347
Total Expenditures and Other Financing Uses	
	3,004,347
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	
	1,478,855
Fund Balance - Beginning of Year	
	1,591,407
Fund Balance - End of Year	
	\$ 3,070,262
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 69,038
Committed Fund Balance	360,358
Committed - Year End Encumbrances	2,640,866
	3,070,262
Total Restricted Fund Balance - Budgetary Basis	
	3,070,262
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>	
SDA Grant Receivable not Recognized on the GAAP Basis	(55,394)
	(55,394)
Fund Balance per Governmental Funds (GAAP)	
	\$ 3,014,868

Exhibit F-1A

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, 2016

	<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	607,249		607,249	347,659
Construction Services	8,776,983		8,776,983	8,923,858
Equipment	352,776		352,776	507,000
Transfer to Debt Service Fund	1,834,518	\$ 25,000	1,859,518	1,775,000
Total Expenditures and Other Financing Uses	11,571,526	25,000	11,596,526	11,644,875
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Uses	\$ 72,349	\$ (25,000)	\$ 47,349	\$ -0-

Additional Project Information:

Project Number	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	100%
Original Target Completion Date	04/30/09
Revised Target Completion Date	12/31/14

Exhibit F-1B

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, 2016

	<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 and Other Financing Uses:				
Legal Services				74,735
Purchased Professional and Technical Services	543,982		543,982	746,502
Construction Services	8,556,125		8,556,125	8,223,388
Equipment	174,811		174,811	337,500
Transfer to Debt Service Fund	334,518	\$ 25,000	359,518	275,000
Total Expenditures and Other Financing Uses	9,609,436	25,000	9,634,436	9,657,125
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Uses	\$ 46,689	\$ (25,000)	\$ 21,689	\$ -0-

Additional Project Information:

Project Number	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	99.8%
Original Target Completion Date	04/30/09
Revised Target Completion Date	12/31/14

Exhibit F-1C

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HIGH SCHOOL PARTIAL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 499,824		\$ 499,824	\$ 499,824
Transfer from Capital Reserve	749,736		749,736	749,736
 Total Revenue and Other Financing Sources	 <u>1,249,560</u>		 <u>1,249,560</u>	 <u>1,249,560</u>
 Expenditures and Other Financing Uses:				
Legal Services				15,000
Purchased Professional and Technical Services	78,418	\$ 6,234	84,652	199,960
Construction Services	24,000	1,026,670	1,050,670	1,034,600
 Total Expenditures	 <u>102,418</u>	 <u>1,032,904</u>	 <u>1,135,322</u>	 <u>1,249,560</u>
 Excess of Revenue and Other Financing Sources Over Expenditures	 <u>\$ 1,147,142</u>	 <u>\$ (1,032,904)</u>	 <u>\$ 114,238</u>	 <u>\$ -0-</u>

Additional Project Information:

Project Number	3190-050-14-1001
Grant Date	06/06/14
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 1,249,560
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 1,249,560
 Percentage Increase over Original Authorized Cost	 0%
Percentage Completion	91%
Original Target Completion Date	09/30/15
Revised Target Completion Date	03/31/16



MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
WYOMING PARTIAL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 138,901		\$ 138,901	\$ 138,901
Transfer from Capital Reserve	208,352		208,352	208,352
Total Revenue and Other Financing Sources	347,253		347,253	347,253
Expenditures:				
Purchased Professional and Technical Services	22,026	\$ 680	22,706	56,478
Construction Services		293,700	293,700	290,775
Total Expenditures	22,026	294,380	316,406	347,253
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 325,227	\$ (294,380)	\$ 30,847	\$ -0-

Additional Project Information:

Project Number	3190-050-14-1005
Grant Date	06/06/14
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 347,253
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 347,253
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	91%
Original Target Completion Date	09/30/15
Revised Target Completion Date	03/31/16

Exhibit F-1E

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
ENERGY SAVINGS IMPROVEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Purchase Agreement Proceeds		\$ 4,483,000	\$ 4,483,000	\$ 4,483,000
Total Revenue and Other Financing Sources		4,483,000	4,483,000	4,483,000
Expenditures:				
Purchased Professional and Technical Services		242,657	242,657	261,874
Construction Services		1,384,204	1,384,204	4,221,126
Total Expenditures		1,626,861	1,626,861	4,483,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 2,856,139	\$ 2,856,139	\$ -0-

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 4,483,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 4,483,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	36%
Original Target Completion Date	12/31/16
Revised Target Completion Date	N/A

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF GRANT ANTICIPATION NOTES PAYABLE

<u>Purpose</u>	<u>Original Issue</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2016</u>
Partial Roof Replacements	\$ 1,073,000	12/11/14	12/11/15	0.73999%	\$ 1,073,000		\$ 1,073,000	
		12/10/15	12/09/16	0.93000%		\$ 1,073,000		\$ 1,073,000
					<u>\$ 1,073,000</u>	<u>\$ 1,073,000</u>	<u>\$ 1,073,000</u>	<u>\$ 1,073,000</u>

PROPRIETARY FUNDS

Exhibit G-1

MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Field Rental/ Joint Facilities</u>	<u>Food Service</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 210,110	\$ 314,001	\$ 524,111
Other Accounts Receivable		1,255	1,255
Inventories		6,779	6,779
Total Current Assets	<u>210,110</u>	<u>322,035</u>	<u>532,145</u>
Non-Current Assets:			
Capital Assets		190,271	190,271
Less: Accumulated Depreciation		<u>(134,978)</u>	<u>(134,978)</u>
Total Non-Current Assets		<u>55,293</u>	<u>55,293</u>
Total Assets	<u>210,110</u>	<u>377,328</u>	<u>587,438</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	32,304	76,329	108,633
Unearned Revenue		<u>28,877</u>	<u>28,877</u>
Total Current Liabilities	<u>32,304</u>	<u>105,206</u>	<u>137,510</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		55,293	55,293
Unrestricted	<u>177,806</u>	<u>216,829</u>	<u>394,635</u>
Total Net Position	<u>\$ 177,806</u>	<u>\$ 272,122</u>	<u>\$ 449,928</u>

Exhibit G-2

MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Field Rental/ Joint Facilities</u>	<u>Food Service</u>	
Operating Revenue:			
Daily Sales:			
Non-Reimbursable Programs		\$ 719,678	719,678
Charges for Services:			
Program Fees	\$ 67,880		67,880
Special Events		11,955	11,955
Miscellaneous Revenue		45,194	45,194
Total Operating Revenue	<u>67,880</u>	<u>776,827</u>	<u>844,707</u>
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs		338,149	338,149
Salaries		209,222	209,222
Employee Benefits & Payroll Taxes		53,380	53,380
Purchased Professional and Technical Services		54,747	54,747
Other Purchased Services		34,172	34,172
Cleaning, Repair and Maintenance Services	183,900		183,900
Supplies and Materials		37,584	37,584
Miscellaneous Expense		18,881	18,881
Depreciation Expense		14,482	14,482
Total Operating Expenses	<u>183,900</u>	<u>760,617</u>	<u>944,517</u>
Operating Income/(Loss)	(116,020)	16,210	(99,810)
Non-Operating Revenue:			
Local Sources:			
Interest Earnings		292	292
Total Non-Operating Income		<u>292</u>	<u>292</u>
Change in Net Position Before Other Item	<u>(116,020)</u>	<u>16,502</u>	<u>(99,518)</u>
Other Item:			
Disposal of Capital Assets		(669)	(669)
Total Other Item		<u>(669)</u>	<u>(669)</u>
Change in Net Position After Other Item	(116,020)	15,833	(100,187)
Net Position - Beginning of Year	<u>293,826</u>	<u>256,289</u>	<u>550,115</u>
Net Position - End of Year	<u>\$ 177,806</u>	<u>\$ 272,122</u>	<u>\$ 449,928</u>

Exhibit G-3

MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Field Rental/ Joint Facilities</u>	<u>Food Service</u>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 67,880	\$ 782,021	\$ 849,901
Payments to Food Service Contractors		(704,125)	(704,125)
Payments to Suppliers	(169,658)	(12,330)	(181,988)
Net Cash Provided by/(Used for) Operating Activities	<u>(101,778)</u>	<u>65,566</u>	<u>(36,212)</u>
Cash Flows from Investment Activities:			
Interest Income		292	292
Net Cash Provided by Investment Activities		<u>292</u>	<u>292</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets		(13,163)	(13,163)
Net Cash Used for Capital and Related Financing Activities		<u>(13,163)</u>	<u>(13,163)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(101,778)	52,695	(49,083)
Cash and Cash Equivalents, July 1	<u>311,888</u>	<u>261,306</u>	<u>573,194</u>
Cash and Cash Equivalents, June 30	<u>\$ 210,110</u>	<u>\$ 314,001</u>	<u>\$ 524,111</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (116,020)	\$ 16,210	\$ (99,810)
Adjustment to Reconcile Operating Income to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		14,482	14,482
Changes in Assets and Liabilities:			
(Increase) in Other Accounts Receivable		(243)	(243)
(Increase) in Inventory		(771)	(771)
Increase in Accounts Payable	14,242	30,451	44,693
Increase in Unearned Revenue		5,437	5,437
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (101,778)</u>	<u>\$ 65,566</u>	<u>\$ (36,212)</u>

FIDUCIARY FUNDS



MILLBURN TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Agency</u>					
	<u>Student Activity</u>	<u>Payroll</u>	<u>Totals</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 287,953	\$ 37,883	\$ 325,836	\$ 413,399	\$ 89,577	\$ 1,784
Total Assets	<u>287,953</u>	<u>37,883</u>	<u>325,836</u>	<u>413,399</u>	<u>89,577</u>	<u>1,784</u>
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings		37,883	37,883			
Due to Student Groups	<u>287,953</u>		<u>287,953</u>			
Total Liabilities	<u>287,953</u>	<u>37,883</u>	<u>325,836</u>			
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				413,399		
Flexible Spending Claims					89,577	
Scholarships						1,784
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 413,399</u>	<u>\$ 89,577</u>	<u>\$ 1,784</u>

Exhibit H-2

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

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 73,731	\$ 215,195	
Total Contributions	<u>73,731</u>	<u>215,195</u>	
Investment Earnings:			
Interest			\$ 1
Net Investment Earnings			<u>1</u>
Total Additions	<u>73,731</u>	<u>215,195</u>	<u>1</u>
DEDUCTIONS:			
Unemployment Benefit Claims	47,686		
Flexible Spending Claims		220,957	
Total Deductions	<u>47,686</u>	<u>220,957</u>	
Change in Net Position	26,045	(5,762)	1
Net Position - Beginning of the Year	<u>387,354</u>	<u>95,339</u>	<u>1,783</u>
Net Position - End of the Year	<u>\$ 413,399</u>	<u>\$ 89,577</u>	<u>\$ 1,784</u>

Exhibit H-3

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 312,635	\$ 877,352	\$ 902,034	\$ 287,953
Total Assets	<u>\$ 312,635</u>	<u>\$ 877,352</u>	<u>\$ 902,034</u>	<u>\$ 287,953</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 312,635	\$ 877,352	\$ 902,034	\$ 287,953
Total Liabilities	<u>\$ 312,635</u>	<u>\$ 877,352</u>	<u>\$ 902,034</u>	<u>\$ 287,953</u>

Exhibit H-4

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 94,817	\$ 60,740,653	\$ 60,797,587	\$ 37,883
Total Assets	<u>\$ 94,817</u>	<u>\$ 60,740,653</u>	<u>\$ 60,797,587</u>	<u>\$ 37,883</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 94,817	\$ 60,740,653	\$ 60,797,587	\$ 37,883
Total Liabilities	<u>\$ 94,817</u>	<u>\$ 60,740,653</u>	<u>\$ 60,797,587</u>	<u>\$ 37,883</u>

LONG-TERM DEBT

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2015	Retired or Matured	Balance June 30, 2016
			Date	Amount				
School Bonds	07/15/95	\$ 22,420,000	7/15/16-18	\$ 1,150,000	5.350%	\$ 5,749,000	\$ 1,150,000	\$ 4,599,000
			07/15/19	1,149,000	5.350%			
Refunding Bonds	12/12/06	9,180,000	01/15/17	840,000	3.700%	5,770,000	840,000	4,930,000
			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	07/15/16	850,000	4.250%	2,550,000	750,000	1,800,000
			07/15/17	950,000	4.250%			
Refunding Bonds	07/20/11	7,920,000	09/15/16	665,000	3.000%	6,510,000	650,000	5,860,000
			09/15/17	690,000	4.000%			
			09/15/18	710,000	3.000%			
			09/15/19	730,000	4.000%			
			09/15/20	755,000	4.000%			
			09/15/21	775,000	4.000%			
			09/15/22	790,000	4.000%			
			09/15/23	745,000	4.000%			

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2015	Retired or Matured	Balance June 30, 2016
			Date	Amount				
Refunding Bonds	02/19/15	\$ 12,110,000	07/15/18	\$ 975,000	4.000%	\$ 12,110,000		\$ 12,110,000
			07/15/19	1,015,000	4.000%			
			07/15/20	1,010,000	4.000%			
			07/15/21	1,155,000	4.000%			
			07/15/22	1,150,000	5.000%			
			07/15/23	1,355,000	5.000%			
			07/15/24	1,355,000	5.000%			
			07/15/25	1,360,000	5.000%			
			07/15/26	1,365,000	5.000%			
			07/15/27	1,370,000	5.000%			
						\$ 32,689,000	\$ 3,390,000	\$ 29,299,000

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Purpose	Interest Rate	Original Issue	Balance July 1, 2015	Issued	Matured	Balance June 30, 2016
950 MacBook Pro's, 300 iMac, 11 APS 4, 38 Bretford Mobility Carts and 12 Apple iPads Learning Lap (with 10 iPad 2 devices)	0.00%	\$ 1,642,542	\$ 647,673		\$ 323,836	\$ 323,837
243 iMac's, 82 MacBook Pro's and 407 MacBook Air's and 35 USB SuperDrives	0.00%	773,104	593,397		89,853	503,544
2015 54-Passenger Bluebird School Bus	2.36%	85,234	55,234		17,984	37,250
725 MacBook Air's and 18 Bretford Mobility Carts	0.00%	719,669	647,786		71,883	575,903
730 MacBook Air and 15 Bretford Mobility Cart	0.00%	711,449		\$ 711,449	75,000	636,449
Energy Savings Improvement Project	2.41%	4,483,000		4,483,000		4,483,000
			<u>\$ 1,944,090</u>	<u>\$ 5,194,449</u>	<u>\$ 578,556</u>	<u>\$ 6,559,983</u>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,354,061		\$ 4,354,061	\$ 4,354,061	
State Sources:					
Debt Service Aid Type II	237,448		237,448	237,448	
Total Revenues	<u>4,591,509</u>		<u>4,591,509</u>	<u>4,591,509</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,320,575		1,320,575	1,320,574	\$ 1
Redemption of Principal	3,390,000		3,390,000	3,390,000	
Total Expenditures	<u>4,710,575</u>		<u>4,710,575</u>	<u>4,710,574</u>	<u>1</u>
Deficit of Revenues Under Expenditures	(119,066)		(119,066)	(119,065)	(1)
Other Financing Sources:					
Transfer from Capital Projects Fund:					
Interest Earned				176	176
Unexpended Bond Proceeds				50,000	50,000
Total Other Financing Sources				<u>50,176</u>	<u>50,176</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(119,066)		(119,066)	(68,889)	50,175
Fund Balance, July 1	<u>119,099</u>		<u>119,099</u>	<u>119,099</u>	
Fund Balance, June 30	<u>\$ 33</u>	<u>\$ -0-</u>	<u>\$ 33</u>	<u>\$ 50,210</u>	<u>\$ 50,175</u>
<u>Recapitulation:</u>					
Restricted - For Subsequent Year's Expenditures				\$ 50,033	
Restricted				<u>177</u>	
Total Restricted Fund Balance				<u>\$ 50,210</u>	

STATISTICAL SECTION

**STATISTICAL SECTION**  
(UNAUDITED)

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**

	<b><u>Exhibit</u></b>
<p><b>Financial Trends</b></p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p><b>Revenue Capacity</b></p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p><b>Debt Capacity</b></p> <p>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.</p>	J-10 thru J-13
<p><b>Demographic and Economic Information</b></p> <p>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.</p>	J-14 thru J-15
<p><b>Operating Information</b></p> <p>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.</p>	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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net Investment in Capital Assets (Deficit)	\$ (24,147,635)	\$ (17,611,260)	\$ (3,021,858)	\$ 898,853	\$ 2,738,433	\$ 5,673,548	\$ 9,540,569	\$ 13,771,816	\$ 19,470,545	\$ 19,776,677
Restricted	7,244,083	23,208,144	14,793,320	11,590,387	10,016,693	10,563,636	9,362,935	6,772,940	5,293,272	5,645,522
Unrestricted (Deficit)	21,034,071	1,114,456	(258,791)	606,999	406,232	(285,216)	(343,727)	(20,235,005)	(22,788,588)	(20,496,217)
<b>Total Governmental Activities Net Position</b>	<b>\$ 4,130,519</b>	<b>\$ 6,711,340</b>	<b>\$ 11,512,671</b>	<b>\$ 13,096,239</b>	<b>\$ 13,161,358</b>	<b>\$ 15,951,968</b>	<b>\$ 18,559,777</b>	<b>\$ 309,751</b>	<b>\$ 1,975,229</b>	<b>\$ 4,925,982</b>
Business-type Activities:										
Investment in Capital Assets	\$ 5,164	\$ 3,693	\$ 69,028	\$ 57,246	\$ 49,526	\$ 41,873	\$ 55,364	\$ 46,386	\$ 57,281	\$ 55,293
Unrestricted	204,865	244,540	237,062	263,657	339,300	407,204	442,047	514,707	492,834	394,635
<b>Total Business-type Activities Net Position</b>	<b>\$ 210,029</b>	<b>\$ 248,233</b>	<b>\$ 306,090</b>	<b>\$ 320,903</b>	<b>\$ 388,826</b>	<b>\$ 449,077</b>	<b>\$ 497,411</b>	<b>\$ 561,093</b>	<b>\$ 550,115</b>	<b>\$ 449,928</b>
District-wide:										
Net Investment in Capital Assets (Deficit)	\$ (24,142,471)	\$ (17,607,567)	\$ (2,952,830)	\$ 956,099	\$ 2,787,959	\$ 5,715,421	\$ 9,595,933	\$ 13,818,202	\$ 19,527,826	\$ 19,831,970
Restricted	7,244,083	23,208,144	14,793,320	11,590,387	10,016,693	10,563,636	9,362,935	6,772,940	5,293,272	5,645,522
Unrestricted (Deficit)	21,238,936	1,358,996	(21,729)	870,656	745,532	121,988	98,320	(19,720,298)	(22,295,754)	(20,101,582)
<b>Total District Net Position</b>	<b>\$ 4,340,548</b>	<b>\$ 6,959,573</b>	<b>\$ 11,818,761</b>	<b>\$ 13,417,142</b>	<b>\$ 13,550,184</b>	<b>\$ 16,401,045</b>	<b>\$ 19,057,188</b>	<b>\$ 870,844</b>	<b>\$ 2,525,344</b>	<b>\$ 5,375,910</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

Expenses:	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Instruction:										
Regular	\$ 34,829,654	\$ 36,205,963	\$ 36,900,204	\$ 39,242,561	\$ 39,368,597	\$ 40,012,054	\$ 42,120,882	\$ 41,581,725	\$ 48,136,945	\$ 51,995,207
Special Education	5,731,175	5,997,331	6,045,526	6,664,958	6,636,844	6,858,867	7,004,876	7,084,468	8,481,855	9,237,742
Other Special Education				1,076,746	1,024,324	1,081,274	1,329,689	1,282,301	1,333,784	1,380,632
Other Instruction	2,723,836	2,871,361	2,865,518	1,895,324	1,778,563	1,730,174	1,928,798	1,910,641	2,379,325	2,616,014
Support Services:										
Tuition	2,314,069	1,970,740	1,985,622	1,914,671	1,795,136	2,132,287	2,511,902	2,526,107	2,884,505	3,098,798
Student & Instruction Related Services	13,535,358	14,238,145	14,049,547	14,136,561	13,231,475	13,394,479	13,524,226	13,897,109	16,626,291	17,763,520
General & Business Administrative Services	2,829,711	3,007,515	3,118,998							
General Administrative Services				1,148,162	1,045,625	1,261,167	1,159,205	1,655,392	1,844,306	1,443,137
School Administrative Services	3,638,578	3,781,327	3,703,873	3,808,743	4,242,723	4,333,362	4,417,753	4,308,270	4,762,840	4,856,047
Central Services				1,330,633	1,561,666	1,405,161	1,486,185	1,489,790	1,688,684	1,838,095
Administrative Information Technology				645,708	607,962	591,596	711,810	819,105	881,864	987,689
Plant Operations and Maintenance	6,291,651	6,857,762	7,426,762	7,172,703	7,352,183	7,439,464	7,229,952	7,835,646	8,047,309	8,145,426
Pupil Transportation	2,702,958	2,808,707	2,924,577	2,944,693	2,814,772	2,744,063	2,888,170	3,127,389	3,126,168	3,211,620
Transfer of Funds to Charter School										34,471
Interest on Long-term Debt	1,914,971	2,487,751	2,355,693	2,202,024	2,088,810	2,035,950	1,847,553	1,551,376	1,323,123	1,147,166
Unallocated Depreciation					53,260	52,488	42,878	123,337	99,280	88,705
Total Governmental Activities Expenses	<u>76,511,961</u>	<u>80,226,602</u>	<u>81,376,320</u>	<u>84,183,487</u>	<u>83,601,940</u>	<u>85,072,386</u>	<u>88,203,879</u>	<u>89,192,656</u>	<u>101,616,279</u>	<u>107,844,269</u>
Business-type Activities:										
Food Service	651,088	660,573	672,736	561,115	575,874	594,156	564,764	602,583	690,178	760,617
Adult School	25,868	13,889	16,504							
Field Rental/Joint Facilities	26,810	20,303	29,842	25,960	69,846	23,485	28,120	21,292	58,600	183,900
Family Service	4,480									
Total Business-type Activities Expense	<u>708,246</u>	<u>694,765</u>	<u>719,082</u>	<u>587,075</u>	<u>645,720</u>	<u>617,641</u>	<u>592,884</u>	<u>623,875</u>	<u>748,778</u>	<u>944,517</u>
Total District-wide Expenses	<u>\$ 77,220,207</u>	<u>\$ 80,921,367</u>	<u>\$ 82,095,402</u>	<u>\$ 84,770,562</u>	<u>\$ 84,247,660</u>	<u>\$ 85,690,027</u>	<u>\$ 88,796,763</u>	<u>\$ 89,816,531</u>	<u>\$102,365,057</u>	<u>\$108,788,786</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular Instruction						\$ 134,613	\$ 132,602	\$ 127,252	\$ 111,497	\$ 110,198
Special Education Instruction					\$ 305,093	344,740	372,203	256,439	103,634	99,060
Pupil Transportation			\$ 22,113				602,560	648,246	680,764	715,380
Operating Grants and Contributions	\$ 10,503,389	\$ 13,184,410	11,516,987	\$ 10,669,612	9,849,638	8,125,151	10,690,223	12,723,227	22,000,460	26,857,263
Capital Grants and Contributions								435,655		583,331
Total Governmental Activities Program Revenues	<u>10,503,389</u>	<u>13,184,410</u>	<u>11,539,100</u>	<u>10,669,612</u>	<u>10,154,731</u>	<u>8,604,504</u>	<u>11,797,588</u>	<u>13,755,164</u>	<u>23,332,010</u>	<u>28,365,232</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 661,996	\$ 637,515	\$ 614,570	\$ 566,497	\$ 631,539	\$ 607,425	\$ 562,411	\$ 615,182	\$ 675,733	\$ 776,827
Adult School	20,853	24,895		28,601	69,358	51,228	57,115	42,491	62,780	67,880
Field Rental/Joint Facilities	46,940	60,127	70,316							
Family Service	4,500									
Operating Grants and Contributions	10,000			8,278	13,541	19,019	21,462	29,612		
Total Business-type Activities Program Revenues	<u>744,289</u>	<u>722,537</u>	<u>684,886</u>	<u>603,376</u>	<u>714,438</u>	<u>677,672</u>	<u>640,988</u>	<u>687,285</u>	<u>738,513</u>	<u>844,707</u>
Total District-wide Program Revenues	<u>\$ 13,928,699</u>	<u>\$ 12,261,637</u>	<u>\$ 11,354,498</u>	<u>\$ 10,758,107</u>	<u>\$ 9,318,942</u>	<u>\$ 12,475,260</u>	<u>\$ 14,396,152</u>	<u>\$ 24,019,295</u>	<u>\$ 29,103,745</u>	<u>\$ 844,707</u>
Net (Expense)/Revenue:										
Governmental Activities	\$(63,327,551)	\$(68,687,502)	\$(70,706,708)	\$(74,028,756)	\$(74,997,436)	\$(73,274,798)	\$(74,448,715)	\$(65,860,646)	\$(78,284,269)	\$(79,479,037)
Business-type Activities	36,043	27,772	(34,196)	16,301	68,718	60,031	48,104	63,410	(10,265)	(99,810)
Total District-wide Net Expense	<u>\$(63,291,508)</u>	<u>\$(68,659,730)</u>	<u>\$(70,740,904)</u>	<u>\$(74,012,455)</u>	<u>\$(74,928,718)</u>	<u>\$(73,214,767)</u>	<u>\$(74,400,611)</u>	<u>\$(65,797,236)</u>	<u>\$(78,294,534)</u>	<u>\$(79,578,847)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 62,055,799	\$ 65,038,578	\$ 67,755,037	\$ 69,105,645	\$ 70,487,758	\$ 71,439,343	\$ 71,903,699	\$ 73,341,773	\$ 74,808,608	\$ 77,515,026
Taxes Levied for Debt Service	1,761,597	3,954,570	4,447,812	4,593,643	4,172,672	4,141,587	4,440,187	4,494,542	4,466,798	4,354,061
Unrestricted Grants and Contributions	1,785,764	699,140	129,153	537,235	288,891	258,550	318,376	324,298	408,990	413,122
Tuition	159,625	179,283	169,993							
Investment Earnings	1,190,255	1,261,841	537,058	49,386	19,499	2,234	2,045	426	394	935
Miscellaneous Income	228,741	185,424	940,305	201,503	92,771	223,694	254,578	220,240	264,957	146,646
N.J. Economic Development Authority Grants	(235,501)									
Transfers	(10,000)	(10,000)	(25,000)		964					
Refunding Bonds, Net	(555,000)									
Adjustments to Capital Assets	283,198	(40,514)	(274,477)							
Cancellation of SDA Grant Receivable				(136,816)						
Insurance Recovery Related to Other Costs of Super Storm Sandy							227,096			
Total Governmental Activities	<u>66,664,478</u>	<u>71,268,322</u>	<u>73,679,881</u>	<u>74,350,596</u>	<u>75,062,555</u>	<u>76,065,408</u>	<u>77,145,981</u>	<u>78,381,279</u>	<u>79,949,747</u>	<u>82,429,790</u>
Business-type Activities:										
Investment Earnings	386	433	247	91	169	220	230	272	271	292
Transfers		10,000	25,000		(964)					
Disposal of Capital Assets				(12,138)					(984)	(669)
Total Business-type Activities	<u>386</u>	<u>10,433</u>	<u>25,247</u>	<u>(12,047)</u>	<u>(795)</u>	<u>220</u>	<u>230</u>	<u>272</u>	<u>(713)</u>	<u>(377)</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total District-wide General Revenues and Other Changes in Net Position	<u>\$ 66,664,864</u>	<u>\$ 71,278,755</u>	<u>\$ 73,705,128</u>	<u>\$ 74,338,549</u>	<u>\$ 75,061,760</u>	<u>\$ 76,065,628</u>	<u>\$ 77,146,211</u>	<u>\$ 78,381,551</u>	<u>\$ 79,949,034</u>	<u>\$ 82,429,413</u>
Change in Net Position:										
Governmental Activities	\$ 3,336,927	\$ 2,580,820	\$ 2,973,173	\$ 321,840	\$ 65,119	\$ 2,790,610	\$ 2,697,266	\$ 12,520,633	\$ 1,665,478	\$ 2,950,753
Business-type Activities	36,429	38,205	(8,949)	4,254	67,923	60,251	48,334	63,682	(10,978)	(100,187)
Total District-wide Change in Net Position	<u>\$ 3,373,356</u>	<u>\$ 2,619,025</u>	<u>\$ 2,964,224</u>	<u>\$ 326,094</u>	<u>\$ 133,042</u>	<u>\$ 2,850,861</u>	<u>\$ 2,745,600</u>	<u>\$ 12,584,315</u>	<u>\$ 1,654,500</u>	<u>\$ 2,850,566</u>

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved/Restricted	\$ 6,861,657	\$ 7,594,509	\$ 9,870,248	\$ 8,527,451	\$ 7,876,194	\$ 9,533,943	\$ 8,710,663	\$ 6,348,623	\$ 5,055,135	\$ 5,526,274
Assigned					978,492	783,434	934,503	900,167	391,347	925,655
Unassigned					1,749,628	1,524,744	1,433,194	1,452,631	1,490,129	1,639,470
Unreserved	1,930,922	2,358,489	2,071,239	2,948,309						
<b>Total General Fund</b>	<b>\$ 8,792,579</b>	<b>\$ 9,952,998</b>	<b>\$ 11,941,487</b>	<b>\$ 11,475,760</b>	<b>\$ 10,604,314</b>	<b>\$ 11,842,121</b>	<b>\$ 11,078,360</b>	<b>\$ 8,701,421</b>	<b>\$ 6,936,611</b>	<b>\$ 8,091,399</b>
All Other Governmental Funds:										
Reserved/Restricted	\$ 1,432,658	\$ 11,104,175	\$ 737,602	\$ 14,000	\$ 2,124,414	\$ 1,013,608	\$ 652,272	\$ 424,317	\$ 238,137	\$ 119,248
Committed					16,085	16,085			833,644	2,945,830
Unreserved, Reported in:										
Capital Projects Fund	19,788,850	4,900,165	3,786,806	2,280,155						
Debt Service Fund	474,951	670,994	398,663	768,781						
<b>Total All Other Governmental Funds</b>	<b>\$ 21,696,459</b>	<b>\$ 16,675,334</b>	<b>\$ 4,923,071</b>	<b>\$ 3,062,936</b>	<b>\$ 2,140,499</b>	<b>\$ 1,029,693</b>	<b>\$ 652,272</b>	<b>\$ 424,317</b>	<b>\$ 1,071,781</b>	<b>\$ 3,065,078</b>
<b>Total Governmental Funds</b>	<b>\$ 30,489,038</b>	<b>\$ 26,628,332</b>	<b>\$ 16,864,558</b>	<b>\$ 14,538,696</b>	<b>\$ 12,744,813</b>	<b>\$ 12,871,814</b>	<b>\$ 11,730,632</b>	<b>\$ 9,125,738</b>	<b>\$ 8,008,392</b>	<b>\$ 11,156,477</b>

Source: Millburn Township School District Financial Reports.



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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Tax Levy	\$65,730,269	\$68,993,148	\$ 72,202,849	\$73,699,288	\$74,660,430	\$75,580,930	\$76,343,886	\$77,836,315	\$79,275,406	\$81,869,087
Tuition Charges	159,625	179,283	169,993	305,093	479,353	504,805	383,691	323,564	215,131	209,258
Transportation Fees						602,560	648,246	653,446	680,764	715,380
Interest Earnings	1,190,255	1,261,841	537,058	3,490	1,640	535	564	300	86	584
Miscellaneous	1,509,952	239,755	974,851	308,204	217,205	440,362	439,635	451,220	575,764	316,758
State Sources	10,636,094	11,006,084	9,611,465	8,829,795	6,978,956	9,148,780	11,646,877	10,239,376	12,163,368	13,961,718
Federal Sources	1,139,997	1,177,826	1,152,754	1,496,273	1,328,512	1,585,024	1,211,150	1,284,251	1,278,717	1,314,475
<b>Total Revenue</b>	<b>80,366,192</b>	<b>82,857,937</b>	<b>84,648,970</b>	<b>84,642,143</b>	<b>83,666,096</b>	<b>87,862,996</b>	<b>90,674,049</b>	<b>90,788,472</b>	<b>94,189,236</b>	<b>98,387,260</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	25,145,724	25,518,261	27,068,230	27,829,367	28,236,787	28,661,148	29,708,495	30,434,621	30,875,039	31,136,618
Special Education Instruction	4,181,089	4,351,880	4,489,771	4,866,101	4,769,489	4,890,199	4,858,991	5,068,136	5,286,587	5,357,314
Other Special Instruction				1,080,027	1,025,731	1,084,113	1,327,864	1,271,205	1,336,927	1,384,356
School-Sponsored/Other Instruction	2,264,407	2,389,580	2,423,790	1,386,685	1,303,208	1,246,405	1,352,697	1,343,508	1,391,507	1,422,326
<b>Support Services:</b>										
Tuition	2,314,069	1,970,740	1,985,621	1,914,671	1,795,136	2,132,287	2,511,902	2,526,107	2,884,505	3,098,798
Student & Other Instruction Related Services	10,118,486	10,508,308	10,470,248	10,193,209	9,446,867	9,633,421	9,799,187	10,191,260	10,885,108	10,931,629
General & Business Administrative Services	2,260,260									
General Administrative Services		881,777	950,705	978,546	878,662	1,046,202	913,259	1,374,606	1,580,988	1,037,577
School Administrative Services	2,746,615	2,773,342	2,791,601	2,866,129	3,137,921	3,193,248	3,196,585	3,178,838	3,182,014	3,159,053
Central Services		882,253	897,867	801,433	889,314	866,916	900,911	925,461	982,523	1,074,412
Administrative Information Technology		632,772	670,977	645,708	607,962	591,596	667,670	741,734	795,951	785,485
Plant Operations and Maintenance	5,348,487	5,699,642	6,215,237	5,734,554	5,720,833	5,829,045	5,679,837	6,219,494	6,273,134	6,139,564
Student Transportation	2,354,347	2,456,206	2,517,903	2,504,917	2,377,917	2,328,110	2,495,836	2,726,348	2,716,063	2,747,680
Unallocated Benefits	16,238,353	18,036,358	17,195,193	19,309,561	19,509,798	19,601,889	19,906,130	18,911,488	20,464,489	22,953,393
Transfer of Funds to Charter School										34,471
Capital Outlay	2,445,728	6,021,240	12,555,435	1,423,188	560,038	1,500,768	5,321,735	4,283,021	2,560,818	4,460,374
<b>Debt Service:</b>										
Principal	2,095,000	2,110,000	2,955,000	3,020,000	3,065,000	3,285,000	3,250,000	3,315,000	3,375,000	3,390,000
Interest and Other Charges	1,632,457	2,476,284	2,415,369	2,277,093	2,136,280	1,845,648	1,793,770	1,655,643	1,520,832	1,320,574
<b>Total Expenditures</b>	<b>79,145,022</b>	<b>86,708,643</b>	<b>95,602,947</b>	<b>86,831,189</b>	<b>85,460,943</b>	<b>87,735,995</b>	<b>93,684,869</b>	<b>94,166,470</b>	<b>96,111,485</b>	<b>100,433,624</b>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ 1,221,170	\$ (3,850,706)	\$ (10,953,977)	\$ (2,189,046)	\$ (1,794,847)	\$ 127,001	\$ (3,010,820)	\$ (3,377,998)	\$ (1,922,249)	\$ (2,046,364)
Other Financing Sources/(Uses):										
Long Term Debt Issued	21,300,000									
Serial Bonds Issued						7,920,000			12,110,000	
Bond Premium						582,986			2,741,348	
Serial Bonds Defeased						(7,940,000)			(13,500,000)	
Bond Issuance Costs						(105,722)			(125,042)	
Deferred Interest						(457,264)			(1,226,306)	
NJEDA/SDA Grants	(235,501)			(136,816)						
Insurance Recovery Related to Other Costs of Super Storm Sandy							227,096			
Capital Leases							1,642,542	773,104	804,903	711,449
Lease Purchase Agreement Proceeds										4,483,000
Transfers	(10,000)	(10,000)	(25,000)		964					
Total Other Financing Sources/(Uses)	21,054,499	(10,000)	(25,000)	(136,816)	964	-0-	1,869,638	773,104	804,903	5,194,449
Net Change in Fund Balances	<u>\$ 22,275,669</u>	<u>\$ (3,860,706)</u>	<u>\$ (10,978,977)</u>	<u>\$ (2,325,862)</u>	<u>\$ (1,793,883)</u>	<u>\$ 127,001</u>	<u>\$ (1,141,182)</u>	<u>\$ (2,604,894)</u>	<u>\$ (1,117,346)</u>	<u>\$ 3,148,085</u>
Debt Service as a % of Noncapital Expenditures	<u>4.86%</u>	<u>5.68%</u>	<u>6.47%</u>	<u>6.20%</u>	<u>6.13%</u>	<u>5.95%</u>	<u>5.71%</u>	<u>5.53%</u>	<u>5.23%</u>	<u>4.91%</u>

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>Subscription</u> <u>Busing</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2012	2,119	372,203	132,602	\$ 602,560	34,187	120,417	69,090	1,333,178
2013	2,045	256,439	127,252	648,246	40,484	117,326	96,731	1,288,523
2014	396	200,806	122,758	653,446	40,507	119,204	60,529	1,197,646
2015	274	103,634	111,497	680,764	46,111	148,397	70,448	1,161,125
2016	733	99,060	110,198	715,380	41,518	94,037	11,091	1,072,017

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 <sup>a</sup>	Net Valuation Taxable	Tax Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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
2011	44,333,300	6,678,195,000	-0-	-0-	1,354,321,500	46,725,400	64,966,900	8,188,542,100	8,446,336	8,196,988,436	496,815,700	0.92	8,828,568,196
2012	40,099,700	6,652,742,700	-0-	-0-	1,327,496,900	46,725,400	64,966,900	8,132,031,600	8,473,300	8,140,504,900	495,539,100	0.93	8,677,645,021
2013	42,556,000	6,665,839,600	-0-	-0-	1,302,427,100	46,725,400	64,716,900	8,122,265,000	7,260,392	8,129,525,392	495,084,100	0.94	8,563,546,509
2014	46,098,900	6,682,717,200	-0-	-0-	1,298,275,300	45,689,300	64,716,900	8,137,497,600	6,574,437	8,144,072,037	501,790,300	0.96	8,655,142,059
2015	41,835,800	6,715,998,700	-0-	-0-	1,298,995,700	50,380,200	64,716,900	8,171,927,300	6,046,574	8,177,973,874	510,906,300	0.99	9,355,840,968

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.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

\* Revaluation became effective in this year.

Source: Millburn Township Tax Assessor.

Exhibit J-7

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
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Millburn Township	Essex County	
2006	\$ 1.016	\$ 0.064	\$ 1.080	\$ 0.500	\$ 0.540	\$ 2.120
2007	* 0.765	0.045	0.810	0.390	0.380	1.580
2008	0.794	0.055	0.849	0.419	0.401	1.669
2009	0.825	0.055	0.880	0.439	0.432	1.751
2010	0.853	0.050	0.903	0.449	0.441	1.793
2011	0.866	0.050	0.916	0.460	0.471	1.847
2012	0.876	0.054	0.930	0.468	0.493	1.881
2013	0.889	0.055	0.944	0.445	0.510	1.899
2014	0.911	0.054	0.965	0.464	0.552	1.981
2015	0.935	0.053	0.988	0.523	0.594	2.105

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.

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

<sup>b</sup> Rates for debt service are based on each year's requirements.

\* Revaluation became effective in this year.

## Exhibit J-8

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

Taxpayer	2015		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 700,000,000	1	8.56%
Reckson Short Hills LLC	67,761,100	2	
Short Hills Hilton LLC	56,816,500	3	0.69%
101/103 JFK Parkway Special LLC Corp	45,000,000	4	0.55%
Mack- Cali Realty Corp	38,705,200	5	0.47%
New Creek II LLC/ Bollard Group	19,857,700	6	0.24%
Canoe Brook Country Club	19,385,000	7	0.24%
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>\$ 999,783,200</u>		<u>11.40%</u>

Taxpayer	2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 445,000,000	1	7.51%
Reckson Short Hills LLC	63,338,600	2	1.07%
Short Hills Hilton LLC	56,940,000	3	0.96%
Reckson Operating Partnership LP	48,223,200	4	0.81%
Mack Properties #3	37,886,100	5	0.64%
Prima III, LLC	17,971,000	6	0.30%
Individual Taxpayer #1	15,533,500	7	0.26%
Canoe Brook Country Club	15,269,000	8	0.26%
Millburn Common Associates	14,400,000	9	0.24%
Stone Mountain Properties	13,656,200	10	0.23%
Total	<u>\$ 728,217,600</u>		<u>12.29%</u>

Note - A revaluation was effective in 2007.

Source: Millburn Township Tax Assessor.

Exhibit J-9

MILLBURN TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN 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</u> <sup>a</sup>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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 -
2012	75,580,930	75,580,930	100.00%	- 0 -
2013	76,343,886	76,343,886	100.00%	- 0 -
2014	77,836,315	77,836,315	100.00%	- 0 -
2015	79,275,406	79,275,406	100.00%	- 0 -
2016	81,869,087	81,869,087	100.00%	- 0 -

<sup>a</sup> 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.

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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Obligations Under Capital Leases	Bond Anticipation Notes (BANs)			
2007	\$ 58,474,000	\$ -0-	\$ -0-	\$ 58,474,000	6.10%	\$ 3,144
2008	56,364,000	-0-	-0-	56,364,000	5.74%	3,051
2009	53,409,000	-0-	-0-	53,409,000	5.61%	2,880
2010	50,389,000	-0-	-0-	50,389,000	4.79%	2,505
2011	47,324,000	-0-	-0-	47,324,000	4.28%	2,356
2012	44,019,000	-0-	-0-	44,019,000	3.96%	2,196
2013	40,769,000	1,295,345	-0-	42,064,345	3.76%	2,092
2014	37,454,000	1,654,759	-0-	39,108,759	3.31%	1,929
2015	32,689,000	1,944,090	1,073,000	35,706,090	3.01%	1,753
2016	29,299,000	6,559,983	1,073,000	36,931,983	3.11%	1,814

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

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



Exhibit J-11

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 <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	2,505
2011	47,324,000	-0-	47,324,000	0.58%	2,356
2012	44,019,000	-0-	44,019,000	0.54%	2,196
2013	40,769,000	-0-	40,769,000	0.50%	2,028
2014	37,454,000	-0-	37,454,000	0.46%	1,847
2015	32,689,000	-0-	32,689,000	0.40%	1,605
2016	29,299,000	-0-	29,299,000	0.36%	1,439

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

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

<sup>b</sup> See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Exhibit J-12

MILLBURN TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Township of Millburn	\$ 10,926,798	100.00%	\$ 10,926,798
Essex County General Obligation Debt	463,895,104	11.31%	<u>52,467,945</u>
Subtotal, Overlapping Debt			63,394,743
Millburn Township School District Direct Debt			<u>33,156,090</u>
Total Direct and Overlapping Debt			<u><u>\$ 96,550,833</u></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 TEN FISCAL YEARS  
UNAUDITED

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 302,430,897	\$ 325,056,078	\$ 346,075,249	\$ 357,761,922	\$ 359,738,783	\$ 353,436,053	\$ 351,159,730	\$ 348,387,301	\$ 352,803,690	\$ 364,866,344
Total Net Debt Applicable to Limit	58,474,000	56,364,000	53,409,000	50,389,000	47,324,000	44,019,000	40,769,000	37,454,000	32,689,000	29,299,000
Legal Debt Margin	<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>	<u>\$ 309,417,053</u>	<u>\$ 310,390,730</u>	<u>\$ 310,933,301</u>	<u>\$ 320,114,690</u>	<u>\$ 335,567,344</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	19.33%	17.34%	15.43%	14.08%	13.16%	12.45%	11.61%	10.75%	9.27%	8.03%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2015	\$ 9,446,749,015
2014	9,309,572,818
2013	8,608,653,948
	<u>\$27,364,975,781</u>
Average Equalized Valuation of Taxable Property	<u>\$ 9,121,658,594</u>
Debt Limit (4% of average equalization value) <sup>a</sup>	\$ 364,866,344
Net Bonded School Debt	29,299,000
Legal Debt Margin	<u>\$ 335,567,344</u>

<sup>a</sup> 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.

Exhibit J-14

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

Year	Population <sup>a</sup>	Essex County Per Capita Personal Income <sup>b</sup>	Millburn Township Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2007	18,598	\$ 51,568	\$ 959,061,664	1.90%
2008	18,476	53,136	981,740,736	2.40%
2009	18,547	51,288	951,238,536	4.80%
2010	20,114	52,324	1,052,444,936	4.80%
2011	20,087	55,014	1,105,066,218	4.60%
2012	20,046	55,404	1,110,628,584	4.70%
2013	20,103	55,692	1,119,576,276	3.80%
2014	20,273	58,319	1,182,301,087	3.60%
2015	20,363	58,319 *	1,187,549,797	3.20%
2016	20,363 **	58,319 *	1,187,549,797 ***	N/A

\* - Latest Essex County per capita personal income available (2014) was used for calculation purposes.

\*\* - Latest population data available (2015) was used for calculation purposes.

\*\*\* - Latest available population data (2015) and latest available Essex County per capita personal income (2014) was used for calculation purposes.

N/A - Information is not available.

Sources:

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

Exhibit J-15

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

Employer	2015		Percentage of Total Employment
	Employees	Rank	
St. Barnabas Health Care System	23,000	1	6.56%
Verizon	17,100	2	4.88%
Prudential Ins. Co. of America	16,850	3	4.81%
Rutgers University-Newark Campus	15,500	4	4.42%
Continental Airlines	11,000	5	3.14%
Newark Board of Education	7,050	6	2.01%
Automatic Data Processing	5,649	7	1.61%
New Jersey Transit	4,000	8	1.14%
City of Newark	4,000	9	1.14%
Essex County	3,500	10	1.00%
	<u>107,649</u>		<u>30.72%</u>
Total Employment	<u>350,404</u>		
Employer	2006		Percentage of Total Employment
	Employees	Rank (Optional)	

INFORMATION IS NOT AVAILABLE

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Instruction:</b>										
Regular	339	344	350	353	337	327	333	332	328	329
Special Education	52	52	55	54	58	61	59	62	64	69
Other Instruction	12	12	12	12	12	13	16	18	19	19
<b>Support Services:</b>										
Student & Instruction Related Services	148	147	150	146	132	127	131	135	146	152
School Administration	30	29	29	29	31	31	31	31	30	30
General Administration	4	4	4	4	4	4	4	4	3	3
Plant Operations and Maintenance	136	133	134	132	130	130	135	145	145	148
Pupil Transportation	19	17	18	17	16	14	15	15	15	15
Business and Other Support Services	18	18	19	19	19	17	17	17	19	19
<b>Total</b>	<b>758</b>	<b>756</b>	<b>771</b>	<b>766</b>	<b>739</b>	<b>724</b>	<b>741</b>	<b>759</b>	<b>769</b>	<b>784</b>

Source: Millburn Township School District Personnel Records.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2007	4,589	\$ 72,971,837	\$ 15,901	8.84%	377	1:20	1:23	1:20	4,583	4,348	0.22%	94.87%
2008	4,636	76,101,119	16,415	3.23%	380	1:20	1:23	1:21	4,669	4,436	1.88%	95.01%
2009	4,701	77,677,143	16,524	0.66%	388	1:20	1:23	1:21	4,770	4,521	2.16%	94.78%
2010	4,747	80,110,908	16,876	2.13%	397	1:20	1:20	1:22	4,818	4,580	1.01%	95.06%
2011	4,927	79,699,625	16,176	-4.15%	394	1:20	1:20	1:23	4,927	4,681	2.26%	95.01%
2012	4,908	81,104,579	16,525	2.16%	383	1:20	1:21	1:21	4,908	4,681	-0.39%	95.37%
2013	4,962	83,319,364	16,791	1.61%	389	1:20	1:21	1:22	4,962	4,717	1.10%	95.06%
2014	4,907	84,912,806	17,304	3.05%	389	1:20	1:21	1:18	4,907	4,678	-1.11%	95.33%
2015	4,886	88,654,835	18,145	4.86%	398	1:20	1:21	1:19	4,882	4,654	-0.51%	95.33%
2016	4,894	91,262,676	18,648	2.77%	402	1:20	1:21	1:18	4,894	4,694	0.25%	95.91%

Note: Enrollment based on annual October District count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> 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.

<sup>c</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>d</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Millburn Township School District records.

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

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Deerfield Elementary School (1962)</b>										
Square Feet	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084
Capacity (Students)	500	500	500	500	500	500	590	590	590	590
Enrollment	507	492	488	481	517	545	585	575	569	591
<b>Glenwood Elementary School (1938)</b>										
Square Feet	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243
Capacity (Students)	425	425	425	425	425	425	502	502	502	502
Enrollment	475	502	516	529	490	489	490	464	478	458
<b>Hartshorn Elementary School (1958)</b>										
Square Feet	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999
Capacity (Students)	513	513	513	513	513	513	603	603	603	603
Enrollment	558	540	527	504	537	545	548	542	544	529
<b>South Mountain Elementary School (1935)</b>										
Square Feet	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358
Capacity (Students)	348	348	348	348	348	348	439	439	439	439
Enrollment	370	362	357	375	393	363	364	333	357	356
<b>Wyoming Elementary School (1927)</b>										
Square Feet	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242
Capacity (Students)	343	343	343	343	343	343	374	374	374	374
Enrollment	328	305	305	341	344	338	336	332	350	373
<b>Millburn Middle School (1930)</b>										
Square Feet	146,699	146,699	146,699	181,908	181,908	235,541	235,541	235,541	235,541	235,541
Capacity (Students)	966	966	966	1,094	1,094	1,094	1,047	1,047	1,047	1,047
Enrollment	1,064	1,056	1,116	1,111	1,157	1,148	1,121	1,140	1,124	1,121



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

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015
Millburn High School (1955)										
Square Feet	201,858	201,858	201,858	227,619	227,619	392,358	392,358	392,358	392,358	392,358
Capacity (Students)	1,394	1,394	1,394	1,763	1,763	1,763	2,104	2,100	2,100	2,100
Enrollment	1,287	1,379	1,392	1,406	1,489	1,480	1,518	1,521	1,464	1,466
Education Center/Board Office (1968)										
Square Feet	14,375	14,375	14,375	14,375	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	4,500	4,500	4,500	4,500

Number of Schools at June 30, 2016:

- 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.

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
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
2012	88,768	128,743	118,515	106,323	74,498	319,423	328,008	63,181	1,227,459
2013	77,453	49,107	101,072	48,630	62,583	255,187	619,663	23,970	1,237,665
2014	77,456	70,091	77,002	59,471	71,059	327,536	627,391	20,860	1,330,866
2015	91,340	85,828	77,958	55,615	80,508	356,887	467,691	31,348	1,247,175
2016	92,642	90,747	91,836	84,815	58,960	276,447	480,688	26,088	1,202,223

\* 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, 2016  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group:		
Commercial Package:		
Property Coverage:		
Building and Contents	\$ 151,489,547	\$ 1,000
Water Damage	250,000	1,000
Computers, Software, Cameras, Musical Instruments	10,000 to 4,520,000	250 - 500
Crime (Employee Dishonesty)	100,000	500
General Liability:		
Aggregate	3,000,000	
Occurrence	1,000,000	
Board Members, School District & Educators		
Legal Liability, Extended Coverage		
Aggregate	2,000,000	
Occurrence	1,000,000	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	250,000	
Accident Medical Expense	10,000	
Accidental Death & Dismemberment	5,000	
Pooled Insurance Program of New Jersey:		
Workers' Compensation	First 500,000	of each claim
Star Insurance Company:		
Workers' Compensation - Excess over \$350,000:	Statutory	
Employer's Liability	1,000,000	
Student Athletic Accident:		
Compulsory Coverage All Students	1,000,000	
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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Report on Internal Control over Financial Reporting and  
 on Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), 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 Township of Millburn, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 District'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*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 23, 2016  
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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Report on Compliance For Each Major Federal and State Program;  
Report on Internal Control Over Compliance

Independent Auditors' Report

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

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

We have audited the Board of Education of the Township of Millburn's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

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

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

*Nisivoccia, LLP*

November 23, 2016  
Mount Arlington, New Jersey

NISIVOCCIA, LLP  
*Kathryn L. Mantell*

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, 2016

<u>Federal Grantor/Pass Through Grantor/ Program/Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2015 Budgetary Accounts Receivable</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Balance at June 30, 2016 Budgetary Accounts Receivable</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Education:</u>									
Passed-through State Department of Education:									
<u>Special Revenue Fund:</u>									
Special Education Cluster:									
I.D.E.A. Part B, Basic	84.027	IDEA359016	7/1/15-6/30/16	\$ 968,859		\$ 840,208	\$ (929,983)	\$ (89,775)	
I.D.E.A. Part B, Basic	84.027	IDEA359015	7/1/14-6/30/15	952,303	\$ (131,356)	131,356			
I.D.E.A. Preschool	84.173	IDEA359016	7/1/15-6/30/16	54,116		40,810	(52,025)	(11,215)	
I.D.E.A. Preschool	84.173	IDEA359015	7/1/14-6/30/15	55,751	(5,595)	5,595			
Total Special Education Cluster					<u>(136,951)</u>	<u>1,017,969</u>	<u>(982,008)</u>	<u>(100,990)</u>	
No Child Left Behind:									
Title I	84.010	NCLB359016	7/1/15-6/30/16	286,774		194,344	(247,653)	(53,309)	
Title I	84.010	NCLB359015	7/1/14-6/30/15	263,669	(56,046)	56,046			
Total Title I					<u>(56,046)</u>	<u>250,390</u>	<u>(247,653)</u>	<u>(53,309)</u>	
Title IIA	84.367	NCLB359016	7/1/15-6/30/16	51,475		35,091	(47,152)	(12,061)	
Title IIA	84.367	NCLB359015	7/1/14-6/30/15	49,277	(11,072)	11,072			
Title III	84.365	NCLB359016	7/1/15-6/30/16	17,903		9,405	(17,319)	(7,914)	
Title III	84.365	NCLB359015	7/1/14-6/30/15	17,897	(6,980)	6,980			
Title III - Immigrant	84.365	NCLB359016	7/1/15-6/30/16	22,134		19,072	(20,343)	(1,271)	
Total Special Revenue Fund					<u>(211,049)</u>	<u>1,349,979</u>	<u>(1,314,475)</u>	<u>(175,545)</u>	
Total U.S. Department of Education					<u>(211,049)</u>	<u>1,349,979</u>	<u>(1,314,475)</u>	<u>(175,545)</u>	
Total Federal Awards					<u>\$ (211,049)</u>	<u>\$ 1,349,979</u>	<u>\$ (1,314,475)</u>	<u>\$ (175,545)</u>	<u>\$ -0-</u>

N/A - Not Available/Applicable

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2016		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>												
General Fund State Aid:												
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 1,673,693			\$ 1,517,731	\$ (1,673,693)				\$ (155,962)	\$ 1,673,693
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	76,672			69,527	(76,672)				(7,145)	76,672
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	132,617			120,259	(132,617)				(12,358)	132,617
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	49,400			44,797	(49,400)				(4,603)	49,400
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	49,400			44,797	(49,400)				(4,603)	49,400
Extraordinary Special Education Costs Aid	16-495-034-5120-044	7/1/15-6/30/16	683,711				(683,711)		\$ (683,711)		(683,711)	683,711
Excess Nonpublic Transportation Costs	16-495-034-5120-014	7/1/15-6/30/16	37,675				(37,675)		(37,675)		(37,675)	37,675
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	2,981,850			2,830,768	(2,981,850)		(151,082)		(151,082)	2,981,850
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	1,673,693	\$ (157,888)		157,888						1,673,693
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	76,672	(7,233)		7,233						76,672
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	132,617	(12,511)		12,511						132,617
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	49,400	(4,660)		4,660						49,400
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	49,400	(4,660)		4,660						49,400
Extraordinary Special Education Costs Aid	15-495-034-5120-044	7/1/14-6/30/15	515,504	(515,504)		515,504						515,504
Excess Nonpublic Transportation Costs	15-495-034-5120-014	7/1/14-6/30/15	51,198	(51,198)		51,198						51,198
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	3,015,426	(150,851)		150,851						3,015,426
Subtotal - General Fund				(904,505)		5,532,384	(5,685,018)		(872,468)		(1,057,139)	11,248,928
Special Revenue Fund Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	22,843			22,843	(14,721)			\$ 8,122		14,721
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	17,916		\$ 6,360			\$ (6,360)				11,556
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	3,452			3,452	(1,725)			1,727		1,725
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	2,101		91			(91)				2,010
Nonpublic Handicapped Services:												
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	26,733			26,733	(20,270)			6,463		20,270
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	24,640		2,355			(2,355)				22,285
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	40,967			40,967	(35,864)			5,103		35,864
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	41,525		3,004			(3,004)				38,521
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	70,537			70,537	(65,768)			4,769		65,768
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	68,577		4,840			(4,840)				63,737
N.J. Nonpublic Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	31,006			31,006	(27,540)			3,466		27,540
N.J. Nonpublic Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	32,053		4,353			(4,353)				27,700
N.J. Nonpublic Nursing Aid	16-100-034-5120-070	7/1/15-6/30/16	48,870			48,870	(48,870)					48,870
N.J. Nonpublic Technology Initiative	16-100-034-5120-373	7/1/15-6/30/16	14,118			14,118	(13,628)			490		13,628
N.J. Nonpublic Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	17,216		468			(468)				16,748
N.J. Nonpublic Security Aid	16-100-034-5120-509	7/1/15-6/30/16	13,575			13,575	(10,493)			3,082		10,493
Subtotal - Special Revenue Fund					21,471	272,101	(238,879)	(21,471)		33,222		421,726

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2016		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>												
Debt Service Fund Aid:												
Debt Service Aid - State Support	16-100-034-5120-125	7/1/15-6/30/16	\$ 237,448			\$ 237,448	\$ (237,448)					\$ 237,448
Subtotal - Debt Service Fund						237,448	(237,448)					237,448
Total State Department of Education				(904,505)	\$ 21,471	6,041,933	(6,161,345)	\$ (21,471)	\$ (872,468)	\$ 33,222	\$ (1,057,139)	11,909,412
<u>NJ Schools Development Authority:</u>												
Capital Projects Fund:												
Educational Facilities Construction and Financing Act:												
High School Partial Roof Replacement	3190-050-14-1001	6/6/14-6/30/16	499,824				(455,449)		(455,449)		(499,824)	455,449
Wyoming Partial Roof Replacement	3190-120-14-1005	6/6/14-6/30/16	138,901				(127,882)		(127,882)		(138,901)	127,882
Total NJ Schools Development Authority							(583,331)		(583,331)		(638,725)	583,331
Total State Awards				\$ (904,505)	\$ 21,471	\$ 6,041,933	\$ (6,744,676)	\$ (21,471)	\$ (1,455,799)	\$ 33,222	\$ (1,695,864)	\$ 12,492,743

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *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 position 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 on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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 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 two 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 \$2,281 for the General Fund and \$-0- 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 On-Behalf Pension Contributions and on-behalf TPAF Post Retirement Medical Benefits Contributions revenue of \$3,293,323 and \$3,921,438, respectively.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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		\$ 12,902,060	\$ 12,902,060
Special Revenue Fund	\$ 1,314,475	238,879	1,553,354
Capital Projects Funds		583,331	583,331
Debt Service Fund		237,448	237,448
Total Awards	<u>\$ 1,314,475</u>	<u>\$ 13,961,718</u>	<u>\$ 15,276,193</u>

NOTE 5. 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 6. 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, 2016.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The District has been awarded three grants in the amount of \$1,074,380 in the Capital Projects Fund from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2016, one of the three projects (grant of \$435,655) has been completed. As of June 30, 2016, \$1,018,986 of the grant funds has been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major programs for the current fiscal year consisted of the following federal and state awards:

	C.F.D.A.#/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/15-6/30/16	\$ 968,859	\$ 929,983
I.D.E.A. Preschool	84.173	7/1/15-6/30/16	54,116	52,025
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	2,981,850	2,981,850

- The threshold used for distinguishing between federal and state Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for both federal and state programs.

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 2 CFR 200.516(a) of the Uniform Guidance.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The District had no prior year audit findings.