

**MILLBURN TOWNSHIP  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual  
Financial Report**

**of the**

**Millburn Township School District  
Board of Education**

**Millburn, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by**

**Millburn Township School District  
Board Office**

MILLBURN TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2017

INTRODUCTORY SECTION (UNAUDITED)

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

FINANCIAL SECTION..... 8

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) ..... 76

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)..... 77

L-1 Schedule of District's Proportionate Share of the Net Pension Liability –  
Public Employees Retirement System ..... 77  
L-2 Schedule of District Contributions – Public Employees Retirement System..... 78  
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with  
the District – Teachers' Pension and Annuity Fund ..... 79  
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund..... 80  
L-5 Schedule of District's Proportionate Share of the Net Pension Liability –  
Board of Education Employees' Pension Fund of Essex County ..... 81  
L-6 Schedule of District Contributions – Board of Education Employees'  
Pension Fund of Essex County ..... 82

Notes to Required Supplementary Information ..... 83

MILLBURN TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Information (Unaudited) (Cont'd)

C.	Budgetary Comparison Schedules (Unaudited).....	85
C-1	Budgetary Comparison Schedule – General Fund .....	86
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	101
C-3	Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI.....	102

Other Supplementary Schedules (D.-I.)

D.	School Level Schedules (Not Applicable) .....	104
E.	Special Revenue Fund.....	105
E-1	Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis .....	106
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund.....	109
F-1	Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis .....	110
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, 2017.....	111
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, 2017.....	112
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, 2017.....	113
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, 2017.....	114
F-1E	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Energy Savings Improvement Project from Inception and for the Fiscal Year Ended June 30, 2017.....	115
F-1F	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – 2016 Referendum Projects from Inception and for the Fiscal Year Ended June 30, 2017.....	116
F-2	Schedule of Grant Anticipation Notes Payable.....	117
G.	Proprietary Funds (Enterprise Fund).....	118
G-1	Combining Statement of Net Position.....	119
G-2	Combining Statement of Revenue, Expenses and Changes in Fund Net Position.....	120
G-3	Combining Statement of Cash Flows.....	121



MILLBURN TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

FINANCIAL SECTION (Cont'd)

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

H.	Fiduciary Funds .....	122
H-1	Combining Statement of Net Position.....	123
H-2	Combining Statement of Changes in Fiduciary Net Position.....	124
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements.....	125
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements.....	126
I.	Long-Term Debt.....	127
I-1	Schedule of Serial Bonds .....	128
I-2	Schedule of Obligations Under Capital Leases.....	130
I-3	Debt Service Fund Budgetary Comparison Schedule .....	131
J.	Statistical Schedules (Unaudited) .....	132
J-1	Net Position by Component .....	133
J-2	Changes in Net Position .....	134
J-3	Fund Balances - Governmental Funds .....	136
J-4	Changes in Fund Balances - Governmental Funds .....	137
J-5	General Fund Other Local Revenue by Source.....	139
J-6	Assessed Value and Actual Value of Taxable Property.....	140
J-7	Direct and Overlapping Property Tax Rates .....	141
J-8	Principal Property Taxpayers, Current Year and Nine Years Ago .....	142
J-9	Property Tax Levies and Collections .....	143
J-10	Ratios of Outstanding Debt by Type.....	144
J-11	Ratios of Net General Bonded Debt Outstanding .....	145
J-12	Ratios of Overlapping Governmental Activities Debt .....	146
J-13	Legal Debt Margin Information .....	147
J-14	Demographic and Economic Statistics.....	148
J-15	Principal Employers, Current Year and Nine Years Ago .....	149
J-16	Full-time Equivalent District Employees by Function/Program .....	150
J-17	Operating Statistics .....	151
J-18	School Building Information.....	152
J-19	Schedule of Required Maintenance.....	154
J-20	Insurance Schedule.....	155

SINGLE AUDIT SECTION

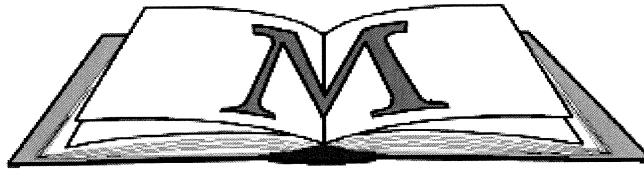
K.	Single Audit.....	156
K-1	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	157
K-2	Independent Auditors' Report on Compliance For Each Major Federal and State Program and on Internal Control over Compliance.....	159
K-3	Schedule of Expenditures of Federal Awards .....	161

MILLBURN TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

SINGLE AUDIT SECTION (Cont'd)

K. Single Audit (Cont'd)

K-4	Schedule of Expenditures of State Awards .....	162
K-5	Notes to the Schedules of Expenditures of Federal and State Awards.....	164
K-6	Schedule of Findings and Questioned Costs .....	166
K-7	Summary Schedule of Prior Audit Findings .....	168



**Millburn Township Schools**  
434 MILLBURN AVENUE, MILLBURN, NJ 07041

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

---

November 1, 2017

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, 2017, 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 2016-2017 fiscal year with an average daily enrollment of 4,894 students which is unchanged from the previous year.

2) ECONOMIC CONDITION AND OUTLOOK: The Township's cash surplus at December 31, 2016 amounted to \$10,985,437. A systematic and active investment program has been followed; income earned from investments of the Township's surplus cash amounted to \$72,514 in 2016. The current tax rate is \$2.154 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 2016-2017

1. To utilize Professional Learning Communities to enhance identified instructional practices and student achievement targets for the 2016-17 school year (Year 2 of 3).
2. To update and implement a revised Millburn Instructional Model (MIM) in order to bring common effective teaching and assessment practices to all classrooms and better foster articulation within content areas and across grade levels in the district.
3. To embed the use of cutting-edge technological practices for teaching, learning and assessment across grade-levels for the purpose of increasing student access to common 21<sup>st</sup> century learning and design experiences.

#### Board of Education Goal for FY 2016-2017

1. To investigate best practices for the utilization of legal services within the district.
2. To negotiate successor collective bargaining agreements for the MEA, MASA and CWA bargaining units.

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

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control 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, 2017.

**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.


The Honorable President and Members of  
the Board of Education  
Millburn Township School District  
Page 4  
November 1, 2017

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.

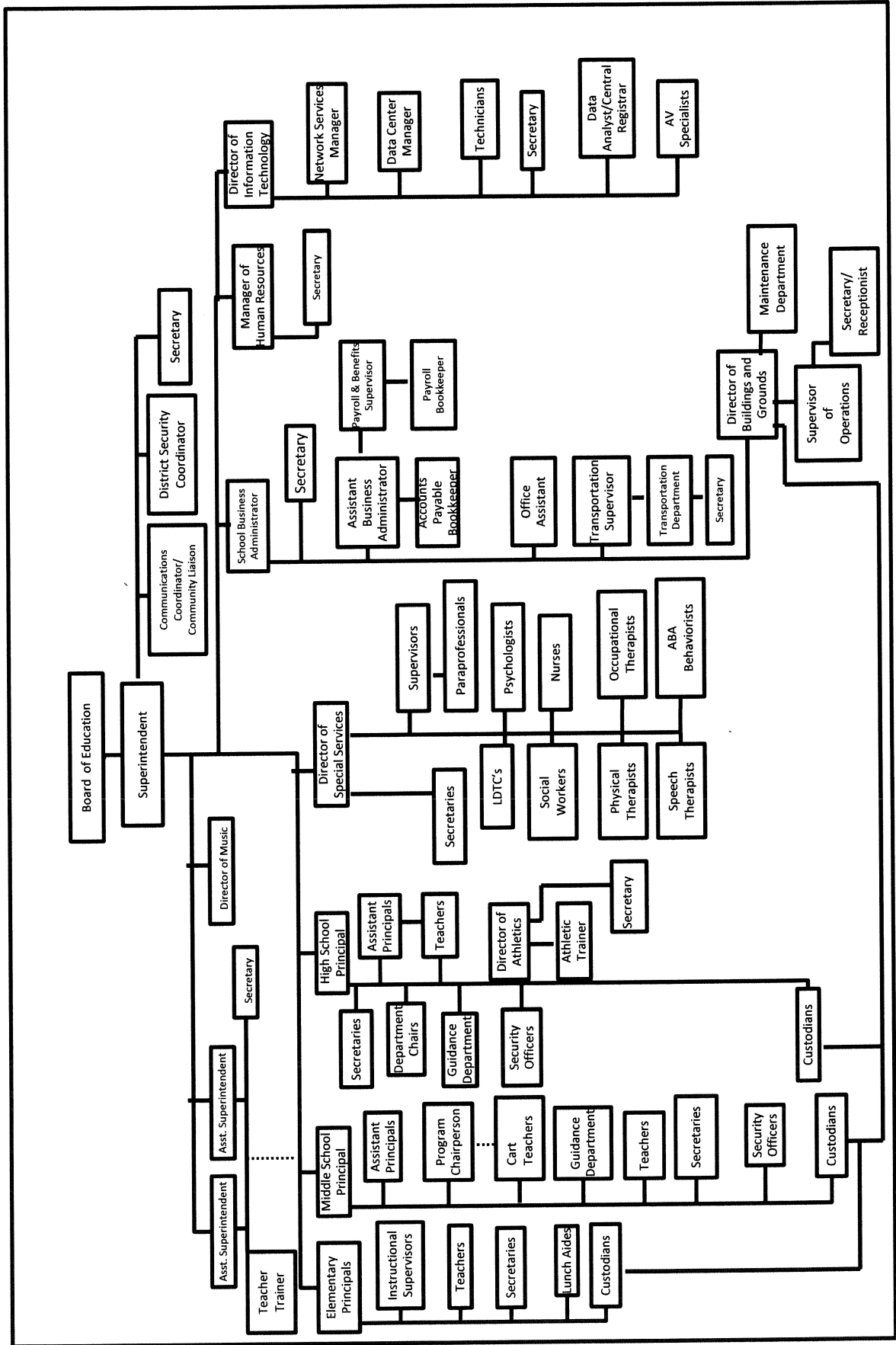
Respectfully submitted,



Dr. Christine Burton  
Superintendent of Schools

  
Cheryl Schneider  
Business Administrator/Board Secretary

# Millburn Township Public Schools Organizational Chart 2016-2017



**MILLBURN TOWNSHIP SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Emily Jaffe, President	2020
Jesse Liu, Vice President	2018
Berylin Bosselman	2019
Philip Choong	2019
Richard Gray	2018
Michael King	2020
David Leibowitz	2019
Regina Truitt	2018
John Westfall-Kwong	2020

<u>Other Officers</u>	<u>Title</u>
Dr. Christine Burton	Superintendent of Schools
Kyle Arlington	Assistant Superintendent
Cheryl Schneider	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**

Anthony P. Sciarrillo, Esq.  
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

## 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, 2017, 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.

### ***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 District as of June 30, 2017, 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 L-1 through L-6 and the related notes 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.

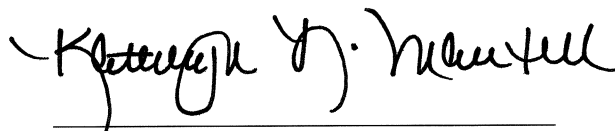
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2017 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.



NISIVOCCIA, LLP

November 1, 2017  
Mount Arlington, New Jersey



---

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, 2017  
(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, 2017. 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 by \$317,264 on a district wide basis.
- Overall revenue was \$122,376,798 during the fiscal year.
- Overall expenses were \$122,059,534 during the fiscal year.
- A \$25,593,000 referendum was approved and the related bonds were issued during the fiscal year.
- Enrollment in the District remained the same as the prior year.

**Overview of the Financial Statements**

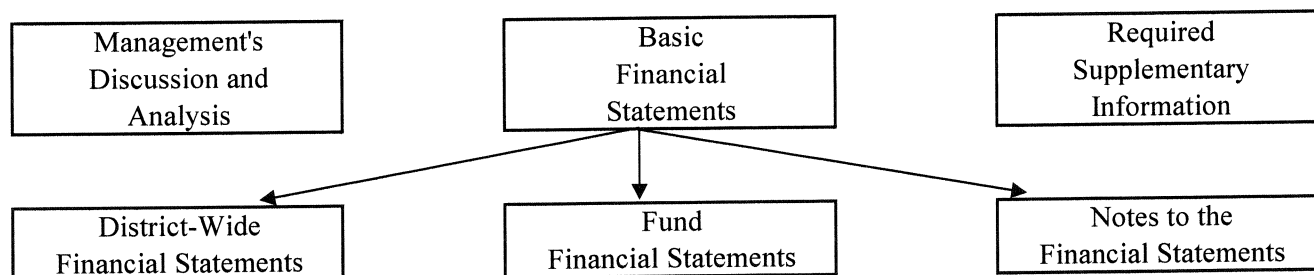
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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, 2017  
(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, 2017  
(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, 2017  
(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 \$317,264. Net position from governmental activities increased by \$283,916 and net position from business-type activities increased by \$33,348. Net investment in capital assets decreased by \$15,810,185, restricted net position increased by \$21,142,470, and unrestricted net position decreased by \$5,015,021.

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

	Government Activities		Business-Type Activities		Total School District		Percentage
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Change
Current and							
Other Assets	\$32,671,282	\$13,596,287	\$ 457,914	\$ 532,145	\$33,129,196	\$14,128,432	134.49%
Capital Assets, Net	60,647,714	54,535,129	61,764	55,293	60,709,478	54,590,422	11.21%
Total Assets	<u>93,318,996</u>	<u>68,131,416</u>	<u>519,678</u>	<u>587,438</u>	<u>93,838,674</u>	<u>68,718,854</u>	36.55%
Deferred Outflows of Resources	<u>12,722,780</u>	<u>5,880,380</u>			<u>12,722,780</u>	<u>5,880,380</u>	116.36%
Other Liabilities	4,600,863	4,101,809	36,402	137,510	4,637,265	4,239,319	9.39%
Long-Term Liabilities	96,231,015	64,596,625			96,231,015	64,596,625	48.97%
Total Liabilities	<u>100,831,878</u>	<u>68,698,434</u>	<u>36,402</u>	<u>137,510</u>	<u>100,868,280</u>	<u>68,835,944</u>	46.53%
Deferred Inflows of Resources		<u>387,380</u>				<u>387,380</u>	-100.00%
Net Position:							
Net Investment in							
Capital Assets	3,960,021	19,776,677	61,764	55,293	4,021,785	19,831,970	-79.72%
Restricted	26,787,992	5,645,522			26,787,992	5,645,522	374.50%
Unrestricted/(Deficit)	<u>(25,538,115)</u>	<u>(20,496,217)</u>	<u>421,512</u>	<u>394,635</u>	<u>(25,116,603)</u>	<u>(20,101,582)</u>	-24.95%
Total Net Position	<u>\$ 5,209,898</u>	<u>\$ 4,925,982</u>	<u>\$ 483,276</u>	<u>\$ 449,928</u>	<u>\$ 5,693,174</u>	<u>\$ 5,375,910</u>	5.90%

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Unaudited)**

*Changes in Net Position.* The District's combined net position was \$5,693,174 on June 30, 2017, an increase of \$317,264 or 5.90% over the previous year. (See Figure A-3). Net Investment in Capital Assets decreased \$15,810,185 due to the issuance of \$25,593,000 in serial bonds, \$2,218,819 in depreciation expense, a new capital lease of \$691,890 and a decrease in deferred amount on refunding of \$94,332; offset by the maturity of \$3,505,000 of serial bonds payable, maturity of \$944,981 in capital lease principal, and \$8,337,875 in capital assets additions (net of capital assets disposals). Restricted net position increased by \$21,142,470 primarily due to approval of a \$25,593,000 referendum offset by related referendum expenses in fiscal year 2017. Unrestricted net position decreased by \$5,015,021 primarily due to a decrease in funds committed to capital projects of \$2,569,647 and a net increase in net pension liability of \$9,919,245; offset by a net increase in deferred outflows and inflows related to pensions of \$7,300,597.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 963,464	\$ 924,638	\$ 848,013	\$ 844,707	\$ 1,811,477	\$ 1,769,345	2.38%
Operating Grants and Contributions	35,591,815	26,857,263			35,591,815	26,857,263	32.52%
Capital Grants and Contributions		583,331				583,331	-100.00%
<b>General Revenue:</b>							
Property Taxes	84,063,063	81,869,087			84,063,063	81,869,087	2.68%
Unrestricted State and Federal Aid	466,108	413,122			466,108	413,122	12.83%
Other	443,958	147,581	377	292	444,335	147,873	200.48%
<b>Total Revenue</b>	<b>121,528,408</b>	<b>110,795,022</b>	<b>848,390</b>	<b>844,999</b>	<b>122,376,798</b>	<b>111,640,021</b>	<b>9.62%</b>
<b>Expenses:</b>							
Instruction	72,836,799	65,229,595			72,836,799	65,229,595	11.66%
Pupil/Instruction Services	23,939,042	20,862,318			23,939,042	20,862,318	14.75%
Administrative & Business	10,307,953	9,124,968			10,307,953	9,124,968	12.96%
Maintenance & Operations	8,799,935	8,145,426			8,799,935	8,145,426	8.04%
Transportation	3,809,984	3,211,620			3,809,984	3,211,620	18.63%
Other	1,550,779	1,270,342	815,042	944,517	2,365,821	2,214,859	6.82%
<b>Total Expenses</b>	<b>121,244,492</b>	<b>107,844,269</b>	<b>815,042</b>	<b>944,517</b>	<b>122,059,534</b>	<b>108,788,786</b>	<b>12.20%</b>
Disposal of Capital Assets, Net				(669)		(669)	100.00%
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 283,916</b>	<b>\$ 2,950,753</b>	<b>\$ 33,348</b>	<b>\$ (100,187)</b>	<b>\$ 317,264</b>	<b>\$ 2,850,566</b>	<b>-88.87%</b>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Unaudited)**

*Revenue Sources.* The District's total revenue for the 2016/2017 school year was \$122,376,798. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$84,063,063 of the total, or 68.69%. (See Figure A-5). Another 29.47% came from state and federal aid and the remaining 1.84% came from tuition, subscription busing fees, miscellaneous sources and other charges for services.

**Figure A-5  
Sources of Revenue for Fiscal Year 2017 and 2016**

	2017	Percentage	2016	Percentage
Sources of Income:				
Grants and Contributions	\$ 35,591,815	29.09%	\$ 27,440,594	24.58%
Property Taxes	84,063,063	68.69%	81,869,087	73.33%
Unrestricted Federal and State Aid	466,108	0.38%	413,122	0.37%
Charges for Services	1,811,477	1.48%	1,769,345	1.59%
Other	444,335	0.36%	147,873	0.13%
	<u>\$ 122,376,798</u>	<u>100.00%</u>	<u>\$ 111,640,021</u>	<u>100.00%</u>

The total cost of all programs and services was \$122,059,534. The District's expenses are predominantly related to Instructing and providing Pupil Services (79.28%) which increased from 79.14% in 2015-2016. (See Figure A-6). Other significant cost areas include Administrative and Business activities (8.45%) and Maintenance and Operations (7.21%). 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 2015-2016. It is important to note that expenses for the year include \$2,218,819 of depreciation expense and \$1,520,463 of accrued interest on long-term debt attributable to its governmental and business-type activities.

**Figure A-6  
Expenses for Fiscal Year 2017 and 2016**

	2017	Percentage	2016	Percentage
Expense Category:				
Instruction	\$ 72,836,799	59.67%	\$ 65,229,595	59.96%
Pupil and Instruction Services	23,939,042	19.61%	20,862,318	19.18%
Administrative and Business	10,307,953	8.45%	9,124,968	8.38%
Maintenance and Operations	8,799,935	7.21%	8,145,426	7.49%
Transportation	3,809,984	3.12%	3,211,620	2.95%
Other	2,365,821	1.94%	2,214,859	2.04%
	<u>\$ 122,059,534</u>	<u>100.00%</u>	<u>\$ 108,788,786</u>	<u>100.00%</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Unaudited)**

**Governmental Activities**

The financial position of the District improved. 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
	2016/17	2016/17	2015/16	2015/16
Instruction	\$ 72,836,799	\$ 45,474,280	\$ 65,229,595	\$ 44,286,494
Pupil and Instruction Services	23,939,042	17,527,778	20,862,318	16,081,245
Administrative and Business	10,307,953	8,453,488	9,124,968	7,953,066
Maintenance and Operations	8,799,935	8,799,935	8,145,426	7,562,095
Transportation	3,809,984	2,882,953	3,211,620	2,325,795
Other	1,550,779	1,550,779	1,270,342	1,270,342
	<u>\$ 121,244,492</u>	<u>\$ 84,689,213</u>	<u>\$ 107,844,269</u>	<u>\$ 79,479,037</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Unaudited)**

**Business-Type Activities**

Net position from the District's business-type activity increased by \$33,348. (Refer to Figure A-4). Factors contributing to these results included:

- Field Rental/Joint Facilities Fund expenses exceeded revenue by \$25,182, which was primarily due to the slit seeding and aeration of the fields in the spring.
- Food Service Fund revenues exceeded expenses by \$58,530, 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 due to continued low interest rates.

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 Long-Term Liabilities Administration**

The District's capital assets increased by \$6,119,056 or 11.21% - 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
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Change 2016/17
Sites	\$ 109,045	\$ 109,045			\$ 109,045	\$ 109,045	0.00%
Construction in Progress	9,166,590	3,078,589			9,166,590	3,078,589	197.75%
Site Improvements	3,879,743	3,766,530			3,879,743	3,766,530	3.01%
Buildings & Building Improvements	44,999,751	44,796,417			44,999,751	44,796,417	0.45%
Machinery and Equipment	2,492,585	2,784,548	\$ 61,764	\$ 55,293	2,554,349	2,839,841	-10.05%
<b>Total Capital Assets, Net</b>	<b>\$60,647,714</b>	<b>\$54,535,129</b>	<b>\$ 61,764</b>	<b>\$ 55,293</b>	<b>\$60,709,478</b>	<b>\$54,590,422</b>	<b>11.21%</b>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Unaudited)**

During the fiscal year, the District acquired or constructed \$8,377,450 in capital asset additions for various capital projects, offset by \$2,218,819 in current year depreciation (\$2,212,930 its governmental activities and \$5,889 from its business-type activities) and \$39,575 of capital asset disposals.

**Long-term Liabilities**

The District's long term liabilities increased by \$31,634,390 or 48.97% – 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
	2016/17	2015/16	Change 2016/17
General Obligation Bonds (Financed with Property Taxes)	\$ 51,387,000	\$ 29,299,000	75.39%
Net Pension Liability	34,187,025	24,200,039	41.27%
Other Long-Term Liabilities	10,656,990	11,097,586	-3.97%
	<u>\$ 96,231,015</u>	<u>\$ 64,596,625</u>	48.97%

- The District issued \$25,593,000 in serial bonds for the various projects approved under the 2016 referendum.
- The District continued to pay down its bonded debt, retiring \$3,505,000 of outstanding bonds.
- Compensated absences payable increased by a net amount of \$135,954.
- Net pension liability increased by \$9,919,245.
- The District entered into a \$691,890 capital lease purchase agreement to purchase 585 computers and paid down \$944,981 in lease principal during the fiscal year.
- The District amortized \$255,718 of bond issuance premiums.

**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 purchased and renovated the former Millburn Regional Day School, which became the 5th grade 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 expired on June 30, 2017. The Board is in ongoing negotiations with the bargaining units. 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, 2017  
(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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 7,465,247	\$ 447,706	\$ 7,912,953
Investments	21,008,828		21,008,828
Accrued Interest Receivable	77,468		77,468
Receivables from State Government	894,799		894,799
Receivables from Federal Government	213,028		213,028
Receivables from Other Governments	4,328		4,328
Other Accounts Receivables	169,320	1,802	171,122
Lease Purchase Proceeds Receivable	376,203		376,203
Inventories		8,406	8,406
Restricted Cash and Cash Equivalents	2,462,061		2,462,061
Capital Assets, Net:			
Sites (Land) and Construction in Progress	9,275,635		9,275,635
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	51,372,079	61,764	51,433,843
Total Assets	<u>93,318,996</u>	<u>519,678</u>	<u>93,838,674</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	1,006,199		1,006,199
Charges in Assumptions - Pension	7,066,721		7,066,721
Charges in Proportion - Pension	1,645,482		1,645,482
Difference Between Expected and Actual Experience - Pension	634,428		634,428
Difference Between Projected and Actual Investment Earnings - Pension	1,313,708		1,313,708
District Contribution Subsequent to the Measurement Date - Pension	1,056,242		1,056,242
Total Deferred Outflows of Resources	<u>12,722,780</u>		<u>12,722,780</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	2,241,723	13,363	2,255,086
Accrued Interest Payable	1,005,365		1,005,365
Payable to State Government	53,279		53,279
Payable to Other Governments	1		1
Grant Anticipation Notes Payable	583,000		583,000
Unearned Revenue	717,495	23,039	740,534
Noncurrent Liabilities:			
Due Within One Year	4,897,187		4,897,187
Due Beyond One Year	91,333,828		91,333,828
Total Liabilities	<u>100,831,878</u>	<u>36,402</u>	<u>100,868,280</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,960,021	61,764	4,021,785
Restricted for:			
Capital Projects	22,035,288		22,035,288
Debt Service	108,704		108,704
Maintenance	260,000		260,000
Emergency	700,000		700,000
Excess Surplus	3,684,000		3,684,000
Unrestricted/(Deficit)	(25,538,115)	421,512	(25,116,603)
Total Net Position	<u>\$ 5,209,898</u>	<u>\$ 483,276</u>	<u>\$ 5,693,174</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, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 57,424,866	\$ 105,474	\$ 19,939,536	\$ (37,379,856)		\$ (37,379,856)
Special Education	10,724,925	128,699	6,040,360	(4,555,866)		(4,555,866)
Other Special Instruction	1,418,558			(1,418,558)		(1,418,558)
Other Instruction	3,268,450		1,148,450	(2,120,000)		(2,120,000)
<b>Support Services:</b>						
Tuition	3,356,840		841,358	(2,515,482)		(2,515,482)
Student and Instruction Related Services	20,582,202		5,569,906	(15,012,296)		(15,012,296)
General Administrative Services	1,474,315		134,927	(1,339,388)		(1,339,388)
School Administrative Services	5,670,633		1,594,024	(4,076,609)		(4,076,609)
Central Services	2,152,534		125,514	(2,027,020)		(2,027,020)
Administrative Information Technology	1,010,471			(1,010,471)		(1,010,471)
Plant Operations and Maintenance	8,799,935			(8,799,935)		(8,799,935)
Pupil Transportation	3,809,984	729,291	197,740	(2,882,953)		(2,882,953)
Transfer of Funds to Charter School	30,316			(30,316)		(30,316)
Interest on Long-Term Debt	1,520,463			(1,520,463)		(1,520,463)
<b>Total Governmental Activities</b>	<b>121,244,492</b>	<b>963,464</b>	<b>35,591,815</b>	<b>(84,689,213)</b>		<b>(84,689,213)</b>
<b>Business-Type Activities:</b>						
Field Rental/Joint Facilities	78,423	53,241				
Food Service	736,619	794,772				
<b>Total Business-Type Activities</b>	<b>815,042</b>	<b>848,013</b>				
					\$ (25,182)	(25,182)
					58,153	58,153
					32,971	32,971

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	\$ 122,059,534	\$ 1,811,477	\$ 35,591,815	\$ (84,689,213)	\$ 32,971	\$ (84,656,242)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				79,613,584		79,613,584
Taxes Levied for Debt Service				4,449,479		4,449,479
Federal, State and Local Aid not Restricted				466,108		466,108
Interest Earnings				43,481	377	43,858
Miscellaneous Income				400,477		400,477
Total General Revenues and Other Items				84,973,129	377	84,973,506
Change in Net Position				283,916	33,348	317,264
Net Position - Beginning				4,925,982	449,928	5,375,910
Net Position - Ending				\$ 5,209,898	\$ 483,276	\$ 5,693,174

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

FUND FINANCIAL STATEMENTS

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,589,858	\$ 114,840	\$ 691,132	\$ 69,417	\$ 7,465,247
Investments			21,008,828		21,008,828
Interfund Receivable	600,546			39,287	639,833
Accrued Interest Receivable			77,468		77,468
Receivables From State Government	894,799				894,799
Receivables From Federal Government		213,028			213,028
Receivables From Other Governments	4,328				4,328
Other Accounts Receivable	169,320				169,320
Lease Purchase Proceeds Receivable			376,203		376,203
Restricted Cash and Cash Equivalents	2,462,061				2,462,061
<b>Total Assets</b>	<u>\$ 10,720,912</u>	<u>\$ 327,868</u>	<u>\$ 22,153,631</u>	<u>\$ 108,704</u>	<u>\$ 33,311,115</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable			\$ 639,833		\$ 639,833
Accounts Payable	\$ 1,018,430	\$ 145,663	21,388		1,185,481
Grant Anticipation Notes Payable			583,000		583,000
Payable to State Government		53,279			53,279
Payable to Other Governments	1				1
Unearned Revenue	588,569	128,926			717,495
<b>Total Liabilities</b>	<u>1,607,000</u>	<u>327,868</u>	<u>1,244,221</u>		<u>3,179,089</u>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	1,502,061				1,502,061
Emergency Reserve	700,000				700,000
Maintenance Reserve	260,000				260,000
Excess Surplus - For 2018-2019	1,842,000				1,842,000
Excess Surplus - For 2017-2018	1,842,000				1,842,000
Capital Projects			20,533,227		20,533,227
Debt Service				\$ 108,704	108,704
<b>Committed:</b>					
Capital Projects			376,183		376,183
<b>Assigned:</b>					
Other Purposes	1,137,984				1,137,984
Designated for Subsequent Year's Expenditures	119,564				119,564
Unassigned	1,710,303				1,710,303
<b>Total Fund Balances</b>	<u>9,113,912</u>		<u>20,909,410</u>	<u>108,704</u>	<u>30,132,026</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 10,720,912</u>	<u>\$ 327,868</u>	<u>\$ 22,153,631</u>	<u>\$ 108,704</u>	<u>\$ 33,311,115</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

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

Total Fund Balances from previous page	\$ 30,132,026
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$99,370,894 and the accumulated depreciation is \$38,723,180.	60,647,714
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 \$761,109.	(2,563,226)
Deferred Amount on Refunding is not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure	1,006,199
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(1,005,365)
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.	(93,667,789)
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	7,066,721
Changes in Proportions - Pensions	1,645,482
Difference between Expected and Actual Experience - Pensions	634,428
Difference between Projected and Actual Investment Earnings - Pensions	<u>1,313,708</u>
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 5,209,898</u>

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



MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 79,613,584			\$ 4,449,479	\$ 84,063,063
Tuition from Other LEAs	128,699				128,699
Tuition from Individuals	105,474				105,474
Transportation Fees From Individuals	729,291				729,291
Interest Earned on Capital Reserve Funds	3,495				3,495
Miscellaneous	400,975	\$ 97,261	\$ 39,488		537,724
Total - Local Sources	80,981,518	97,261	39,488	4,449,479	85,567,746
State Sources	14,323,339	252,166		236,245	14,811,750
Federal Sources		1,314,216			1,314,216
<b>Total Revenues</b>	<b>95,304,857</b>	<b>1,663,643</b>	<b>39,488</b>	<b>4,685,724</b>	<b>101,693,712</b>
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	30,428,453	346,859			30,775,312
Special Education Instruction	5,550,313	76,682			5,626,995
Other Special Instruction	1,412,598				1,412,598
School-Sponsored/Other Instruction	1,466,305				1,466,305
Support Services and Undistributed Costs:					
Tuition	2,515,482	841,358			3,356,840
Student/Other Instruction Related Services	10,988,003	370,110			11,358,113
General Administrative Services	1,234,410				1,234,410
School Administrative Services	3,170,497				3,170,497
Central Services	1,096,422				1,096,422
Administrative Information Technology	775,100				775,100
Plant Operations and Maintenance	6,589,033				6,589,033
Student Transportation	3,273,343				3,273,343
Unallocated Benefits	25,037,059				25,037,059
Capital Outlay	1,496,591	28,634	7,539,729		9,064,954
Debt Service:					
Principal				3,505,000	3,505,000
Interest and Other Charges				1,230,756	1,230,756
Transfer of Funds to Charter School	30,316				30,316
<b>Total Expenditures</b>	<b>95,063,925</b>	<b>1,663,643</b>	<b>7,539,729</b>	<b>4,735,756</b>	<b>109,003,053</b>
Excess/(Deficit) of Revenue Over/(Under)					
Expenditures	240,932		(7,500,241)	(50,032)	(7,309,341)
Other Financing Sources/(Uses):					
Serial Bonds Issued			25,593,000		25,593,000
Capital Leases (Non-budgeted)	691,890				691,890
Transfers	89,691		(198,217)	108,526	
<b>Total Other Financing Sources/(Uses)</b>	<b>781,581</b>		<b>25,394,783</b>	<b>108,526</b>	<b>26,284,890</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	\$ 1,022,513		\$ 17,894,542	\$ 58,494	\$ 18,975,549
Fund Balance - July 1	<u>8,091,399</u>		<u>3,014,868</u>	<u>50,210</u>	<u>11,156,477</u>
Fund Balance - June 30	<u>\$ 9,113,912</u>	<u>\$ -0-</u>	<u>\$ 20,909,410</u>	<u>\$ 108,704</u>	<u>\$ 30,132,026</u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 18,975,549
Amounts reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and deletions differ from capital outlays in the period.		
	Depreciation Expense	\$ (2,212,930)
	Disposal of Capital Assets, Net of Accumulated Depreciation	(39,575)
	Capital Outlays	<u>8,365,090</u>
		6,112,585
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 (+).		(451,093)
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.		3,505,000
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.		(691,890)
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.		944,981
The governmental funds report the effect of bond 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.		(94,332)
Payment of prior year judgment payable accrued as a liability in the Statement of Net Position.		75,000
Proceeds from debt issues are an other financing source in the governmental funds. They are not revenue in the Statement of Activities; issuing debt increases long-term liabilities in the Statement of Net Position.		(25,593,000)
In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(135,954)
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		(9,919,245)
Change in Deferred Outflows:		
Changes in Assumptions		4,467,830
Changes in Proportion		1,074,579
Difference between Expected and Actual Experience - Pensions		57,100
Net Difference Between Projected and Actual Investment Earnings - Pensions		<u>1,701,088</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 283,916</u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	<u>Business-Type Activities Non-Major Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 447,706
Other Accounts Receivable	1,802
Inventories	<u>8,406</u>
Total Current Assets	<u>457,914</u>
Non-Current Assets:	
Capital Assets	187,508
Less: Accumulated Depreciation	<u>(125,744)</u>
Total Non-Current Assets	<u>61,764</u>
Total Assets	<u>519,678</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	13,363
Unearned Revenue	<u>23,039</u>
Total Current Liabilities	<u>36,402</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	61,764
Unrestricted	<u>421,512</u>
Total Net Position	<u>\$ 483,276</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, 2017

	Business-Type Activities
	Non-Major Funds
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 740,902
Program Fees	53,241
Special Events	8,609
Miscellaneous Revenue	45,261
Total Operating Revenue	848,013
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	344,920
Salaries, Benefits & Payroll Taxes	290,301
Purchased Professional and Technical Services	55,625
Other Purchased Services	4,282
Cleaning, Repair and Maintenance Services	78,423
Supplies and Materials	32,429
Miscellaneous Expense	3,173
Depreciation Expense	5,889
Total Operating Expenses	815,042
Operating Income	32,971
Non-Operating Revenue:	
Local Sources:	
Interest Income	377
Total Non-Operating Revenue	377
Change in Net Position	33,348
Net Position - Beginning of Year	449,928
Net Position - End of Year	\$ 483,276

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, 2017

	Business-Type Activities
	Non-Major Funds
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 841,628
Payments to Food Service Contractors	(798,699)
Payments to Suppliers	(107,351)
	(64,422)
Net Cash Used for Operating Activities	(64,422)
Cash Flows from Investing Activities:	
Interest Income	377
	377
Net Cash Provided by Investing Activities	377
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(12,360)
	(12,360)
Net Cash Used for Capital and Related Financing Activities	(12,360)
Net Decrease in Cash and Cash Equivalents	(76,405)
Cash and Cash Equivalents, July 1	524,111
Cash and Cash Equivalents, June 30	\$ 447,706
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating Income	\$ 32,971
Adjustment to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	5,889
Changes in Assets and Liabilities:	
(Increase) in Other Accounts Receivable	(547)
(Increase) in Inventory	(1,627)
(Decrease) in Accounts Payable	(95,270)
(Decrease) in Unearned Revenue	(5,838)
	(106,172)
Net Cash Used for Operating Activities	\$ (64,422)

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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017

	Agency	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 357,720	\$ 442,774	\$ 95,450	
Interfund Receivable:				
Student Activity Agency Fund				\$ 1,834
Total Assets	357,720	442,774	95,450	1,834
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	38,543			
Interfund Payable:				
Due to Student Groups	317,343			
Interfund Payable:				
Private Purpose Scholarships Trust	1,834			
Total Liabilities	357,720			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		442,774		
Flexible Spending Claims			95,450	
Scholarships				1,834
Total Net Position	\$ -0-	\$ 442,774	\$ 95,450	\$ 1,834

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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 76,231	\$ 214,050	
Donations			\$ 50
Total Contributions	<u>76,231</u>	<u>214,050</u>	<u>50</u>
Total Additions	<u>76,231</u>	<u>214,050</u>	<u>50</u>
DEDUCTIONS:			
Unemployment Benefit Claims	46,856		
Flexible Spending Claims		208,177	
Total Deductions	<u>46,856</u>	<u>208,177</u>	
Change in Net Position	29,375	5,873	50
Net Position - Beginning of the Year	<u>413,399</u>	<u>89,577</u>	<u>1,784</u>
Net Position - End of the Year	<u>\$ 442,774</u>	<u>\$ 95,450</u>	<u>\$ 1,834</u>

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, 2017

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 ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

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.

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

B. Basis of Presentation (Cont'd)

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.

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, 2017  
(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, 2017 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:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 95,309,902	\$ 1,712,318
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not.		
Current Year Encumbrances		(48,675)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	184,671	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(189,716)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 95,304,857	\$ 1,663,643

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 95,063,925	\$ 1,712,318
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(48,675)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 95,063,925	\$ 1,663,643

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.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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, 2017  
(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, 2017.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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, 2017.

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, 2017  
(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 \$9,113,912 General Fund balance at June 30, 2017, \$1,137,984 is assigned for year end encumbrances; \$119,564 of assigned fund balance is designated for subsequent year's expenditures; \$1,502,061 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, 2018; \$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, 2019; and \$1,710,303 is unassigned, which is \$189,716 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, 2018.

Capital Projects Fund: Of the \$20,909,410 fund balance in the Capital Projects Fund at June 30, 2017, \$20,533,227 is restricted for Capital Projects and \$376,183 is committed for Capital Projects.

Debt Service Fund: Of the \$108,704 restricted fund balance in the Debt Service Fund at June 30, 2017, \$69,214 is anticipated revenue for the fiscal year ended June 30, 2018 and \$39,490 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, 2017  
(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 \$25,538,115 in its governmental activities, which is primarily due to deferred inflows, outflows and liabilities related to pensions of \$23,526,686 and compensated absences of \$1,786,872. 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 related to pensions and for the deferred amount on refunding bonds at June 30, 2017. The District had no deferred inflows of resources at June 30, 2017.

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.

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

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 \$376,183 of committed fund balance at June 30, 2017 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 \$1,137,984 and \$119,564 of assigned resources for year-end encumbrances and designated for subsequent year's expenditures, respectively, in the General Fund at June 30, 2017.

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, 2017  
(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

GASB 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.

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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 Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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;
  - (c) the maturity of the agreement is not more than 30 days;

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

Investments: (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, 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	\$ 7,725,304	\$ 8,685,304
NJ ARM	\$ 1,502,061			1,083,593	2,585,654
	<u>\$ 1,502,061</u>	<u>\$ 700,000</u>	<u>\$ 260,000</u>	<u>\$ 8,808,897</u>	<u>\$ 11,270,958</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$11,270,958 and the bank balance was \$12,357,095. The balance of \$1,083,593 in NJ ARM is uninsured and unregistered.

All of the Board's investments are recorded at fair value based on quoted market prices (Level 1 inputs). The investments are held by the Board's custodial bank trust department in the Board's name. The bank's trust department is also its agent in purchasing and selling the securities. The investments are uninsured and unregistered. All of the funds held by the custodial bank are held in a fiduciary account, in the Board's name, and are backed by the full faith and credit of the U.S. Government. As such, they are protected in the event of bankruptcy of the bank. Investments at June 30, 2017 consisted of the following recurring fair value measurements as Level 1 inputs:

	<u>Balance at June 30, 2017</u>	<u>Weighted Average Maturity in Months</u>
U.S. Treasury Notes	<u>\$ 21,008,828</u>	<u>12.46</u>

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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, 2016	\$ 882,274
Add: Interest Earnings	3,495
Return of Unexpended Balance from Capital Projects Fund	89,691
Transfer from Unassigned Fund Balance per Board Resolution - June 20, 2017	<u>526,601</u>
Ending Balance, June 30, 2017	<u><u>\$ 1,502,061</u></u>

The balance in the capital reserve account at June 30, 2017 does not exceed the local support costs of uncompleted capital projects in the District's approved LRFP.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 109,045			\$ 109,045
Construction in Progress	<u>3,078,589</u>	\$ 7,539,729	\$ (1,451,728)	<u>9,166,590</u>
Total Capital Assets Not Being Depreciated	<u>3,187,634</u>	<u>7,539,729</u>	<u>(1,451,728)</u>	<u>9,275,635</u>
Capital Assets Being Depreciated:				
Site Improvements	5,880,628	365,357		6,245,985
Buildings and Building Improvements	75,842,793	131,685	1,451,728	77,426,206
Machinery and Equipment	<u>6,217,551</u>	<u>328,319</u>	\$ (122,802)	<u>6,423,068</u>
Total Capital Assets Being Depreciated	<u>87,940,972</u>	<u>825,361</u>	<u>1,328,926</u>	<u>90,095,259</u>
Governmental Activities Capital Assets	<u>91,128,606</u>	<u>8,365,090</u>	<u>(122,802)</u>	<u>99,370,894</u>
Less Accumulated Depreciation for:				
Site Improvements	\$ (2,114,098)	\$ (252,144)		\$ (2,366,242)
Buildings and Building Improvements	(31,046,376)	(1,380,079)		(32,426,455)
Machinery and Equipment	<u>(3,433,003)</u>	<u>(580,707)</u>	\$ 83,227	<u>(3,930,483)</u>
	<u>(36,593,477)</u>	<u>(2,212,930)</u>	<u>83,227</u>	<u>(38,723,180)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 54,535,129</u>	<u>\$ 6,152,160</u>	<u>\$ (39,575)</u>	<u>\$ 60,647,714</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 190,271	\$ 12,360	\$ (15,123)	\$ 187,508
Less: Accumulated Depreciation	(134,978)	(5,889)	15,123	(125,744)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 55,293	\$ 6,471	\$ -0-	\$ 61,764

The District expended \$8,377,450 on various capital projects during the fiscal year, which included \$7,539,729 of construction projects in progress. The District disposed of assets with a net carrying value of \$39,575 from its governmental activities. The District has \$30,076,000 in active construction projects, with unexpended balance of \$20,909,410 of which \$3,581,632 represents open encumbrances as of June 30, 2017.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,482,633
Special Education Instruction	199,750
Student and Other Instruction Related Services	59,301
General Administration	42,741
School Administration	37,055
Central Services	9,537
Administrative Information Technology	177,460
Operations and Maintenance of Plant	163,872
Student Transportation	40,581
	\$ 2,212,930

NOTE 6. OPERATING LEASES

The District has commitments to lease copying equipment, digital mailing machines and science textbooks under operating leases which expire in 2022. Future minimum lease payments are as follows:

Fiscal Year Ending	Amount
June 30, 2018	\$ 169,960
June 30, 2019	154,392
June 30, 2020	132,776
June 30, 2021	110,770
June 30, 2022	5,851
Total future minimum lease payments	\$ 573,749

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2016	Accrued	Retired	Balance 6/30/2017
Serial Bonds Payable	\$ 29,299,000	\$ 25,593,000	\$ 3,505,000	\$ 51,387,000
Unamortized Bond Issuance Premium	2,818,944		255,718	2,563,226
Capital Leases Payable	6,559,983	691,890	944,981	6,306,892
Compensated Absences Payable	1,650,918	395,676	259,722	1,786,872
Net Pension Liability	24,267,780	9,919,245		34,187,025
	<u>\$ 64,596,625</u>	<u>\$ 36,599,811</u>	<u>\$ 4,965,421</u>	<u>\$ 96,231,015</u>

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.

A referendum passed on September 27, 2016, authorizing the issuance of \$25,593,176 in bonds to finance several projects including the purchase and renovation of the former Millburn Regional Day School, which will become a 5th grade school to be known again as the Washington School, health and safety improvements in all District buildings, and the construction/renovation of innovative research and design spaces at all seven schools. On December 6, 2016, the District issued serial bonds of \$25,593,000 with interest rates ranging from 3.5% to 4.0% to fund the referendum projects. The bonds mature on August 1, 2018 through 2041 and are non-callable until after August 1, 2027.

The District had bonds outstanding as of June 30, 2017 as follows:

Purpose	<u>Serial Bonds</u>		
	Final Maturity Date	Interest Rate	Amount
School Bonds	07/15/19	5.35%	\$ 3,449,000
Refunding Bonds	01/15/22	3.70%	4,090,000
School Bonds	07/15/17	4.25%	950,000
Refunding Bonds	09/15/23	3.00%-4.00%	5,195,000
Refunding Bonds	07/15/27	4.00%-5.00%	12,110,000
School Bonds	08/01/41	3.50%-4.00%	25,593,000
			<u>\$ 51,387,000</u>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

A. Bonds Payable: (Cont'd)

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

Fiscal Year Ending June 30,	Bonds		
	Principal	Interest	Total
2018	\$ 3,625,000	\$ 2,099,426	\$ 5,724,426
2019	3,865,000	1,837,039	5,702,039
2020	4,014,000	1,671,031	5,685,031
2021	3,425,000	1,519,630	4,944,630
2022	3,525,000	1,386,885	4,911,885
Thereafter 5 Years (2023-2027)	13,620,000	4,995,225	18,615,225
Thereafter 5 Years (2028-2032)	7,370,000	2,775,350	10,145,350
Thereafter 5 Years (2033-2037)	6,000,000	1,690,350	7,690,350
Thereafter 5 Years (2038-2042)	5,943,000	583,740	6,526,740
	<u>\$ 51,387,000</u>	<u>\$ 18,558,676</u>	<u>\$ 69,945,676</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board had \$176 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 \$2,307,508.

D. Capital Leases Payable:

The District is leasing laptops, computers and other related technology equipment under capital leases valued at \$4,623,888, of which \$2,503,996 has matured and been repaid. The capital leases are for terms of five years. Additionally, 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, 2017, \$296,000 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).

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

D. Capital Leases Payable: (Cont'd)

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, 2017.

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 1,115,622
2019	919,525
2020	830,157
2021	756,180
2022	310,298
Thereafter 5 Years (2023-2027)	1,622,768
Thereafter 5 Years (2028-2032)	1,528,646
	<u>7,083,196</u>
Less: Amount Representing Interest	<u>(776,304)</u>
Present Value Net of Minimum Lease Payments	<u><u>\$ 6,306,892</u></u>

The current portion of capital leases payable at June 30, 2017 is \$1,016,469 and the long-term portion is \$5,290,423. The General Fund will be used to liquidate the capital leases payable.

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, 2017 is \$1,786,872, 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, 2017 is \$-0- and the long-term portion is \$34,114,590. 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, 2017 is \$-0- and the long-term portion is \$72,435. 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").

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.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:

Tier	Definition
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 with 25 or more years of service credit before age 62 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. 43:15A 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 \$1,032,163 for fiscal year 2017. The employee contribution rate was 7.20% effective July 1, 2016. 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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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 \$36,763 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, 2017, the District reported a liability of \$34,114,590 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.115%, which was an increase of 0.007% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$3,648,361. At June 30, 2017, 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	\$ 428,828	
	2015	5.72	1,752,283	
	2016	5.57	4,885,610	
			<u>7,066,721</u>	
Changes in Proportion	2014	6.44	419,182	
	2015	5.72	23,538	
	2016	5.57	1,202,762	
			<u>1,645,482</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(642,604)	
	2015	5.00	411,133	
	2016	5.00	1,532,291	
			<u>1,300,820</u>	
Difference Between Expected and Actual Experience	2015	5.72	486,163	
	2016	5.57	148,265	
			<u>634,428</u>	
District Contribution Subsequent to the Measurement Date	2016	1.00	1,056,242	
			<u>\$ 11,703,693</u>	<u>\$ -0-</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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)

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
2017	\$ 2,026,712
2018	2,026,711
2019	2,348,014
2020	1,972,675
2021	627,857
	\$ 9,001,969

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2016 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:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 41,803,449	\$ 34,114,590	\$ 27,766,771

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).

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

Tier	Definition
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 member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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 2016, 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 2017, the State of New Jersey contributed \$4,478,121 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$24,312,817.

The employee contribution rate was 7.20% effective July 1, 2016. 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.



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$323,583,762. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.411%, which was an increase of 0.004% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>323,583,762</u>
Total	<u><u>\$ 323,583,762</u></u>

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$24,312,817 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	1,727,420,767	
			<u>1,434,728,663</u>	
		<u><u>\$ 17,414,701,002</u></u>	<u><u>\$ 134,532,594</u></u>	

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(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:

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2016 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%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. 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 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, 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, 2017  
(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, 2016 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:

	June 30, 2016		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Total Net Pension Liability	\$ 386,431,325	\$ 323,583,762	\$ 272,260,616

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 \$30,091 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$41,518 for the fiscal year ended June 30, 2017.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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 \$9,437 for fiscal year 2017.

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

At June 30, 2017, the District reported a liability of \$72,435 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017 with no adjustments. At June 30, 2016, the District's proportion was 0.200%, which was an increase of 0.024% from its proportion measured as of June 30, 2015. The District utilized the proportion at June 30, 2016 for June 30, 2017 as there were no known changes to the proportion as of June 30, 2017.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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, 2017, 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, 2017, the District amortized the deferred outflow of resources at June 30, 2016 by the amount to be amortized for the fiscal year ended June 30, 2017 per the June 30, 2016 actuarial valuation. There were no deferred inflows of resources.

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources
Net Difference Between Projected and Actual	2015	5	\$ 1,459
Investment Earnings on Pension Plan Investments	2016	5	11,429
			\$ 12,888

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:

Fiscal Year Ending June 30,	Total
2018	\$ 3,343
2019	3,344
2020	3,344
2021	2,857
	\$ 12,888

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.00%
Salary Increases	4.50%
Investment Rate of Return, net of Plan investment expense, including inflation	6.50%
Cost of Living Adjustments ("COLA")	2.00%

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, 2017  
(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, 2016 are known as of June 30, 2017. Therefore, the actuarial assumptions as of June 30, 2016 were utilized for June 30, 2017.

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
U.S. Fixed Income	40.00%	1.75%
U.S. Large CAP Equities	50.00%	6.75%
U.S. Small CAP Equities	10.00%	6.75%

\* - Net of 2.0% inflation assumption

No changes to the long term expected rate of return as of June 30, 2016 are known as of June 30, 2017. Therefore, the discount rate as of June 30, 2016 was utilized for June 30, 2017.

Discount Rate

The discount rate used to measure the total pension liability was 6.50% as of June 30, 2016. No changes to the discount rate as of June 30, 2016 are known as of June 30, 2017. Therefore, the discount rate as of June 30, 2016 was utilized for June 30, 2017.

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, 2017  
(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, 2016 calculated using the discount rate of 6.50%, 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:

	June 30, 2016		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the Net Pension Liability	\$ 96,758	\$ 72,435	\$ 51,298

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, 2016, there were 110,512 retirees eligible for post-retirement medical benefits and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$3,866,487, \$3,921,438 and \$3,491,830 for 2017, 2016 and 2015, 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.



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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.

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, 2017 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, 2016 is as follows:

Total Assets	<u>\$ 21,705,138</u>
Net Position	<u>\$ 7,723,169</u>
Total Revenue	<u>\$ 7,946,748</u>
Total Expenses	<u>\$ 5,476,395</u>
Change in Net Position	<u>\$ 2,470,353</u>
Members Dividends	<u>\$ 1,450,451</u>

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -0-	\$ -0-	\$ 76,231	\$ 46,856	\$ 442,774
2015-2016	-0-	-0-	73,731	47,686	413,399
2014-2015	-0-	-0-	71,394	59,592	387,354

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	\$ 600,546	
Capital Projects Fund		\$ 639,833
Debt Service Fund	39,287	
	<u>\$ 639,833</u>	<u>\$ 639,833</u>

The interfund payable in the Capital Projects Fund is comprised of current year interest due to the Debt Service Fund and capital projects expenditures paid by the General Fund on behalf of the Capital Projects Fund.

During the fiscal year, the District transferred \$69,038 of unexpended Capital Projects Fund and \$39,488 of interest earned in the Capital Projects Fund to the Debt Service Fund. The District also transferred \$89,691 of unexpended Capital Projects Fund to the General Fund Capital Reserve account.

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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 13. DEFERRED COMPENSATION (Cont'd)

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

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year.

The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically 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.

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,137,984	\$ 48,675	\$ 3,581,632	\$ 4,768,291

On the District's Governmental Funds Balance Sheet as of June 30, 2017, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$48,675 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 16. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2017 consisted of the following:

	Governmental Funds			District Contribution Subsequent to the Measure- ment Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund	Capital Projects Fund			
State of New Jersey		\$ 45,288		\$ 1,056,242	\$ 1,101,530	
Salaries	\$ 235,430	6,143			241,573	
Vendors	783,000	94,232	\$ 21,388		898,620	\$ 13,363
	<u>\$1,018,430</u>	<u>\$ 145,663</u>	<u>\$ 21,388</u>	<u>\$ 1,056,242</u>	<u>\$ 2,241,723</u>	<u>\$ 13,363</u>

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District transferred \$335,688 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 thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. 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 at year end of any unanticipated revenue or unexpended line item appropriation or both. The Department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1<sup>st</sup> and June 30<sup>th</sup>. 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 or the withdrawal is included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	<u>\$ 700,000</u>
Ending Balance, June 30, 2017	<u><u>\$ 700,000</u></u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 19. 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.

Beginning Balance, July 1, 2016	<u>\$ 260,000</u>
Ending Balance, June 30, 2017	<u><u>\$ 260,000</u></u>

NOTE 20. SHORT TERM GRANT ANTICIPATION NOTE PAYABLE

On December 8, 2016, the District issued a grant anticipation note in the amount of \$583,000 with a 1.2467% 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 August 8, 2017.

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 THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's Proportion of the Net Pension Liability	0.1076168755%	0.1078048987%	0.1151853278%
District's Proportionate Share of the Net Pension Liability	\$ 20,148,822	\$ 24,200,039	\$ 34,114,590
District's Covered Employee Payroll	\$ 7,249,288	\$ 7,677,902	\$ 7,774,941
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	277.94%	315.19%	438.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%

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 THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually Required Contribution	\$ 887,178	\$ 926,833	\$ 1,032,163
Contributions in relation to the Contractually Required Contribution	<u>(887,178)</u>	<u>(926,833)</u>	<u>(1,032,163)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 7,486,196	\$ 7,249,288	\$ 7,677,902
Contributions as a Percentage of Covered Employee Payroll	11.85%	12.79%	13.44%

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  
ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's Proportion of the Net Pension Liability Attributable to the District	0.3926406613%	0.4068492581%	0.4113368574%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 209,853,654	\$ 257,146,105	\$ 323,583,762
District's Covered Employee Payroll	\$ 41,199,177	\$ 42,109,191	\$ 41,787,246
State's proportionate share of the net pension liability attributable to the District as a Percentage of its Covered Employee Payroll	509.36%	610.67%	774.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%

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 THREE FISCAL YEARS  
UNAUDITED

	Fiscal Ending June 30,		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 11,292,097	\$ 15,701,085	\$ 24,312,817
Contributions in relation to the contractually required contribution	<u>(2,199,576)</u>	<u>(3,293,323)</u>	<u>(4,478,121)</u>
Contribution deficiency/(excess)	<u>\$ 9,092,521</u>	<u>\$ 12,407,762</u>	<u>\$ 19,834,696</u>
District's covered employee payroll	\$ 42,109,191	\$ 41,787,246	\$ 42,619,709
Contributions as a percentage of covered employee payroll	5.22%	7.88%	10.51%

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 THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's Proportion of the Net Pension Liability	0.1758652%	0.2001054%	0.2001054%
District's Proportionate Share of the Net Pension Liability	\$ 67,741	\$ 72,435	\$ 72,435
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	76.05%	75.39%	75.39%

\* Fiduciary Net Position Excludes an Amount Designated for Insurance Benefits of \$19,628,046 for fiscal year ending June 30, 2015 and \$19,972,514 for fiscal years ending June 30, 2016 and 2017.

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 THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually Required Contribution	\$ 10,293	\$ 10,406	\$ 9,437
Contributions in Relation to the Contractually Required Contribution	<u>(10,293)</u>	<u>(10,406)</u>	<u>(9,437)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	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, 2017  
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

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

Benefit Changes

There were none known.

Changes of Assumptions

The inflation rate changed from 2.30% as of June 30, 2015 to 2.00% as of June 30, 2016. The long-term expected rate of return on pension plan investments changed from 7.00% to 6.50%. The cost-of-living adjustments changed from 2.00% to 3.00%.

BUDGETARY COMPARISON SCHEDULES

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 79,613,584		\$ 79,613,584	\$ 79,613,584	
Tuition From Other LEAs	185,000		185,000	128,699	\$ (56,301)
Tuition From Individuals	105,000		105,000	105,474	474
Transportation Fees From Individuals	580,000		580,000	729,291	149,291
Interest Earned on Capital Reserve Funds	100		100	3,495	3,395
Unrestricted Miscellaneous Revenue	307,999		307,999	400,975	92,976
<b>Total - Local Sources</b>	<b>80,791,683</b>		<b>80,791,683</b>	<b>80,981,518</b>	<b>189,835</b>
State Sources:					
Transportation Aid	151,719		151,719	151,719	
Special Education Aid	1,654,109		1,654,109	1,654,109	
PARCC Readiness Aid	49,400		49,400	49,400	
Per Pupil Growth Aid	49,400		49,400	49,400	
Professional Learning Community Aid	49,040		49,040	49,040	
Security Aid	87,549		87,549	87,549	
Extraordinary Special Education Costs Aid	500,000		500,000	695,689	195,689
Excess Nonpublic School Transportation Costs				47,764	47,764
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				3,866,487	3,866,487
On-Behalf TPAF Pension Contributions (Non-Budgeted)				4,478,121	4,478,121
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				162,253	162,253
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				7,252	7,252
TPAF Social Security (Reimbursed - Non-Budgeted)				3,029,601	3,029,601
<b>Total State Sources</b>	<b>2,541,217</b>		<b>2,541,217</b>	<b>14,328,384</b>	<b>11,787,167</b>
<b>Total Revenues</b>	<b>83,332,900</b>		<b>83,332,900</b>	<b>95,309,902</b>	<b>11,977,002</b>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 193,936	\$ 50,000	\$ 243,936	\$ 190,649	\$ 53,287
Kindergarten - Salaries of Teachers	1,725,930	100,000	1,825,930	1,632,363	193,567
Grades 1-5 - Salaries of Teachers	10,230,820	170,634	10,401,454	10,108,541	292,913
Grades 6-8 - Salaries of Teachers	6,720,141	137,599	6,857,740	6,524,759	332,981
Grades 9-12 - Salaries of Teachers	9,894,430	(141,458)	9,752,972	9,486,494	266,478
Regular Programs - Home Instruction:					
Salaries of Teachers	33,000	(21,510)	11,490	11,489	1
Purchased Professional-Educational Services	5,000	2,580	7,580	7,579	1
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	166,922	73,382	240,304	233,090	7,214
Purchased Professional-Educational Services	123,995	(62,502)	61,493	43,923	17,570
Purchased Technical Services	762,392	(201,269)	561,123	539,100	22,023
Other Purchased Services (400-500 series)	646,772	4,001	650,773	635,729	15,044
General Supplies	866,575	165,901	1,032,476	906,882	125,594
Textbooks	268,062	(140,655)	127,407	107,855	19,552
Total Regular Programs - Instruction	<u>31,637,975</u>	<u>136,703</u>	<u>31,774,678</u>	<u>30,428,453</u>	<u>1,346,225</u>
Special Education - Instruction:					
Cognitive - Moderate:	1,700	(1,700)			
Purchased Professional-Educational Services	1,700	(1,700)			
Total Cognitive - Moderate					
Learning and/or Language Disabilities:					
Salaries of Teachers	295,854	(52,386)	243,468	239,396	4,072
General Supplies	8,000	(6,360)	1,640	1,639	1
Textbooks	1,000	(1,000)			
Total Learning and/or Language Disabilities	<u>304,854</u>	<u>(59,746)</u>	<u>245,108</u>	<u>241,035</u>	<u>4,073</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Special Education - Instruction: (Cont'd)					
Auditory Impairments:					
Salaries of Teachers	\$ 85,050		\$ 85,050	\$ 84,550	\$ 500
General Supplies	500		500	500	
<b>Total Auditory Impairments</b>	<b>85,550</b>		<b>85,550</b>	<b>85,050</b>	<b>500</b>
Multiple Disabilities:					
Salaries of Teachers	200,010	\$ 18,957	218,967	216,997	1,970
Other Salaries for Instruction	61,930	29,146	91,076	88,155	2,921
General Supplies	200		200	199	1
Textbooks	100	(100)			
<b>Total Multiple Disabilities</b>	<b>262,240</b>	<b>48,003</b>	<b>310,243</b>	<b>305,351</b>	<b>4,892</b>
Resource Room/Resource Center:					
Salaries of Teachers	4,345,342	(6,252)	4,339,090	4,327,298	11,792
General Supplies	30,000	(7,379)	22,621	22,620	1
Textbooks	46,250	(760)	45,490	45,490	
<b>Total Resource Room/Resource Center</b>	<b>4,421,592</b>	<b>(14,391)</b>	<b>4,407,201</b>	<b>4,395,408</b>	<b>11,793</b>
Autism:					
Salaries of Teachers	133,436	68,259	201,695	200,868	827
Other Salaries for Instruction	74,452	(26,802)	47,650	42,638	5,012
General Supplies	3,000	204	3,204	3,201	3
<b>Total Autism</b>	<b>210,888</b>	<b>41,661</b>	<b>252,549</b>	<b>246,707</b>	<b>5,842</b>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	42,000	(2,195)	39,805	39,805	
Other Salaries for Instruction	51,020	19,276	70,296	70,296	
General Supplies	3,000	(505)	2,495	2,494	1
<b>Total Preschool Disabilities - Part-Time</b>	<b>96,020</b>	<b>16,576</b>	<b>112,596</b>	<b>112,595</b>	<b>1</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Special Education - Instruction:					
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 55,368	\$ 8,828	\$ 64,196	\$ 64,195	\$ 1
Other Salaries for Instruction	30,365	28,546	58,911	58,601	310
General Supplies	500	(387)	113	113	
Total Preschool Disabilities - Full-Time	86,233	36,987	123,220	122,909	311
Home Instruction:					
Salaries of Teachers	40,000	(16,295)	23,705	23,704	1
Purchased Professional-Educational Services	35,000	(17,446)	17,554	17,554	
Total Home Instruction	75,000	(33,741)	41,259	41,258	1
<b>Total Special Education - Instruction</b>	<b>5,544,077</b>	<b>33,649</b>	<b>5,577,726</b>	<b>5,550,313</b>	<b>27,413</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	1,058,187	11,944	1,070,131	1,069,658	473
General Supplies	4,000	7,600	11,600	11,536	64
Total Basic Skills/Remedial - Instruction	1,062,187	19,544	1,081,731	1,081,194	537
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	346,236	(14,643)	331,593	331,008	585
Purchased Technical Services	500		500		500
General Supplies	2,000	(580)	1,420	361	1,059
Textbooks	1,000	(520)	480		480
Other Objects	400		400	35	365
Total Bilingual Education - Instruction	350,136	(15,743)	334,393	331,404	2,989

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
School Sponsored Cocurricular Activities:					
Salaries	\$ 350,374	\$ 15,121	\$ 365,495	\$ 364,449	\$ 1,046
Other Objects	91,200	1,001	92,201	92,047	154
Total School-Sponsored Cocurricular Activities	441,574	16,122	457,696	456,496	1,200
School-Sponsored Athletics:					
Salaries	772,599		772,599	763,127	9,472
Purchased Services (300-500 series)	126,787	9,516	136,303	125,811	10,492
Supplies and Materials	81,839	(5,038)	76,801	70,956	5,845
Other Objects	17,860	(4,382)	13,478	9,839	3,639
Total School-Sponsored Athletics	999,085	96	999,181	969,733	29,448
Community Services Programs:					
Salaries	35,000	5,077	40,077	40,076	1
Total Community Services Programs	35,000	5,077	40,077	40,076	1
Total Instruction	40,070,034	195,448	40,265,482	38,857,669	1,407,813
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	351,673	(241,752)	109,921	109,920	1
Tuition to County Vocational School - Special	26,400	3,600	30,000	30,000	
Tuition to Private Schools for the Handicapped Within State	1,557,785	354,112	1,911,897	1,894,340	17,557
Tuition to Private Schools for the Handicapped Outside State	383,848	247,374	631,222	481,222	150,000
Total Undistributed Expenditures - Instruction	2,319,706	363,334	2,683,040	2,515,482	167,558

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 610,858	\$ 12,545	\$ 623,403	\$ 609,098	\$ 14,305
Purchased Professional and Technical Services	33,327	(6,916)	26,411	24,183	2,228
Other Purchased Services (400-500 series)	100	(100)			
Supplies and Materials	19,860	(5,294)	14,566	11,669	2,897
Other Objects	1,150	277	1,427	1,427	
Total Health Services	<u>665,295</u>	<u>512</u>	<u>665,807</u>	<u>646,377</u>	<u>19,430</u>
Speech, OT, PT & Related Services:					
Salaries	1,360,981	(1,956)	1,359,025	1,359,025	
Purchased Professional - Educational Services	180,000	28,546	208,546	205,706	2,840
Supplies and Materials	7,000	(1,039)	5,961	5,961	
Total Speech, OT, PT & Related Services	<u>1,547,981</u>	<u>25,551</u>	<u>1,573,532</u>	<u>1,570,692</u>	<u>2,840</u>
Other Support Services - Extraordinary Services:					
Salaries	2,373,297	(165,272)	2,208,025	2,170,072	37,953
Supplies and Materials	800	(219)	581	553	28
Total Other Support Services - Extraordinary Services	<u>2,374,097</u>	<u>(165,491)</u>	<u>2,208,606</u>	<u>2,170,625</u>	<u>37,981</u>
Guidance:					
Salaries of Other Professional Staff	1,153,990	(6,331)	1,147,659	1,145,627	2,032
Salaries of Secretarial and Clerical Assistants	186,547		186,547	186,272	275
Other Salaries	105,750	(42,782)	62,968	62,968	
Purchased Professional-Educational Services	32,000	(32,000)			
Other Purchased Services (400-500 series)	2,100		2,100	567	1,533
Total Guidance	<u>1,480,387</u>	<u>(81,113)</u>	<u>1,399,274</u>	<u>1,395,434</u>	<u>3,840</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Child Study Team:					
Salaries of Other Professional Staff	\$ 2,450,803	\$ 74,992	\$ 2,525,795	\$ 2,518,708	\$ 7,087
Salaries of Secretarial and Clerical Assistants	273,530		273,530	273,529	1
Other Purchased Professional and Technical Services	85,816	(27,546)	58,270	58,269	1
Miscellaneous Purchased Services (400-500 series)	2,700	(811)	1,889	1,888	1
Supplies and Materials	40,313	21,755	62,068	62,031	37
Other Objects	4,800	(2,928)	1,872	1,872	
Total Child Study Team	<u>2,857,962</u>	<u>65,462</u>	<u>2,923,424</u>	<u>2,916,297</u>	<u>7,127</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	655,178	(3,060)	652,118	652,117	1
Salaries of Other Professional Staff	619,436	(91,939)	527,497	525,385	2,112
Salaries of Secretarial and Clerical Assistants	68,842		68,842	68,841	1
Unused Vacation Payment to Terminated / Retired Staff		12,358	12,358	12,358	
Other Purchased Services (400-500 series)	3,000		3,000	277	2,723
Supplies and Materials	33,000	(4,613)	28,387	24,610	3,777
Other Objects	13,000	6,000	19,000	17,092	1,908
Total Improvement of Instructional Services	<u>1,392,456</u>	<u>(81,254)</u>	<u>1,311,202</u>	<u>1,300,680</u>	<u>10,522</u>
Educational Media Services/School Library:					
Salaries	678,748	9,623	688,371	684,584	3,787
Supplies and Materials	158,393	(30,300)	128,093	122,722	5,371
Total Educational Media Services/School Library	<u>837,141</u>	<u>(20,677)</u>	<u>816,464</u>	<u>807,306</u>	<u>9,158</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	30,000	26,000	56,000	55,245	755
Other Salaries	67,820	(11,124)	56,696	55,025	1,671
Purchased Professional - Educational Services	70,000	(29,142)	40,858	40,857	1
Other Purchased Services (400-500 series)	2,300	(360)	1,940	967	973

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Instructional Staff Training Services: (Cont'd)					
Supplies and Materials	\$ 9,965	\$ 4,346	\$ 14,311	\$ 13,960	\$ 351
Other Objects	35,450	(14,619)	20,831	14,538	6,293
Total Instructional Staff Training Services	<u>215,535</u>	<u>(24,899)</u>	<u>190,636</u>	<u>180,592</u>	<u>10,044</u>
General Administration:					
Salaries	357,362	(83)	357,279	357,278	1
Legal Services	342,020	(109,774)	232,246	211,837	20,409
Audit Fees	50,000	2,500	52,500	52,500	
Architectural/Engineering Services	30,875	(27,375)	3,500	3,500	
Other Purchased Professional Services	53,000	495	53,495	32,618	20,877
Communications/Telephone	101,500	24,954	126,454	119,247	7,207
BOE Other Purchased Services	2,500	(635)	1,865	1,865	
Miscellaneous Purchased Services (400-500 series)	57,625	(4,066)	53,559	53,559	
General Supplies	7,200	(5,551)	1,649	1,648	1
BOE In-House Training/Meeting Supplies	1,000	(794)	206	205	1
Judgments Against the School District		360,000	360,000	360,000	
Miscellaneous Expenditures	133,200	(122,209)	10,991	10,990	1
BOE Membership Dues and Fees	30,000	(837)	29,163	29,163	
Total General Administration	<u>1,166,282</u>	<u>116,625</u>	<u>1,282,907</u>	<u>1,234,410</u>	<u>48,497</u>
School Administration:					
Salaries of Principals/Assistant Principals	1,738,228	11,001	1,749,229	1,749,229	
Salaries of Other Professional Staff	587,029	(121,650)	465,379	465,378	1
Salaries of Secretarial and Clerical Assistants	794,617	(8,120)	786,497	771,149	15,348
Other Salaries	3,000	28	3,028	3,028	
Unused Vacation Payment to Terminated / Retired Staff		32,260	32,260	32,259	1
Supplies and Materials	147,530	(6,003)	141,527	128,868	12,659

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
School Administration: (Cont'd)					
Other Objects	\$ 35,400	\$ (2,572)	\$ 32,828	\$ 20,586	\$ 12,242
Total School Administration	<u>3,305,804</u>	<u>(95,056)</u>	<u>3,210,748</u>	<u>3,170,497</u>	<u>40,251</u>
Central Services:					
Salaries	859,860	(16,544)	843,316	842,022	1,294
Unused Vacation Payment to Terminated / Retired Staff		749	749	749	
Purchased Professional Services		72,000	72,000	72,000	
Purchased Technical Services	65,633		65,633	47,474	18,159
Miscellaneous Purchased Services (400-500 series)	2,000	(274)	1,726	981	745
Supplies and Materials	38,159	1	38,160	29,592	8,568
Interest on Grant Anticipation Notes	9,979		9,979	9,951	28
Miscellaneous Expenditures	105,158	274	105,432	93,653	11,779
Total Central Services	<u>1,080,789</u>	<u>56,206</u>	<u>1,136,995</u>	<u>1,096,422</u>	<u>40,573</u>
Administrative Information Technology:					
Salaries	773,737	(63,192)	710,545	710,544	1
Unused Vacation Payment to Terminated / Retired Staff		13,639	13,639	13,639	
Purchased Professional Services	27,675		27,675	22,380	5,295
Purchased Technical Services	20,842	868	21,710	21,710	
Other Purchased Services (400-500 series)	3,500	(1,122)	2,378	1,586	792
Supplies and Materials	17,500	(14,900)	2,600	2,600	
Other Objects	4,900	(2,259)	2,641	2,641	
Total Administrative Information Technology	<u>848,154</u>	<u>(66,966)</u>	<u>781,188</u>	<u>775,100</u>	<u>6,088</u>
Required Maintenance for School Facilities:					
Salaries	382,571	(10,743)	371,828	367,884	3,944
Unused Vacation Payment to Terminated / Retired Staff		3,950	3,950	3,927	23



MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Required Maintenance for School Facilities: (Cont'd)					
Cleaning, Repair and Maintenance Services	\$ 609,420	\$ 29,218	\$ 638,638	\$ 502,281	\$ 136,357
General Supplies	220,000	(30,680)	189,320	189,320	
Other Objects	74,857	(300)	74,557	74,557	
Total Required Maintenance for School Facilities	<u>1,286,848</u>	<u>(8,555)</u>	<u>1,278,293</u>	<u>1,137,969</u>	<u>140,324</u>
Custodial Services:					
Salaries	2,223,261	(53,237)	2,170,024	2,168,445	1,579
Salaries of Non-Instructional Aides	483,648	(36,148)	447,500	429,779	17,721
Unused Vacation Payment to Terminated / Retired Staff		20,689	20,689	20,689	
Purchased Professional and Technical Services	43,000	5,420	48,420	38,040	10,380
Cleaning, Repair and Maintenance Services	476,434	(47,405)	429,029	386,048	42,981
Lease Purchase Payments- Energy Savings Program	450,012		450,012	450,012	
Other Purchased Property Services	119,815	(18,940)	100,875	90,875	10,000
Insurance	456,388	(5,084)	451,304	435,923	15,381
Miscellaneous Purchased Services	5,650	(1,000)	4,650	2,150	2,500
General Supplies	155,000	(32,338)	122,662	122,372	290
Energy (Natural Gas)	247,500	6,897	254,397	204,396	50,001
Energy (Electricity)	589,987	134,334	724,321	657,321	67,000
Other Objects	700	(325)	375	375	
Total Custodial Services	<u>5,251,395</u>	<u>(27,137)</u>	<u>5,224,258</u>	<u>5,006,425</u>	<u>217,833</u>
Care & Upkeep of Grounds:					
Salaries	189,249	(23,501)	165,748	165,747	1
Cleaning, Repair and Maintenance Services	33,000	1,343	34,343	34,312	31
General Supplies	20,000	1,323	21,323	21,323	
Total Care & Upkeep of Grounds	<u>242,249</u>	<u>(20,835)</u>	<u>221,414</u>	<u>221,382</u>	<u>32</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Security:					
Salaries	\$ 217,387	\$ (1,978)	\$ 215,409	\$ 204,644	\$ 10,765
Purchased Professional and Technical Services		10,500	10,500		10,500
Cleaning, Repair and Maintenance Services	18,000	(8,549)	9,451	9,451	
General Supplies	9,000	342	9,342	9,162	180
Total Security	244,387	315	244,702	223,257	21,445
Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	151,079	(19,547)	131,532	115,569	15,963
Between Home and School - Regular	190,867	5,565	196,432	195,769	663
Between Home and School - Special Education	261,948	(29,806)	232,142	230,000	2,142
Other than Between Home and School	75,500	(5,247)	70,253	63,773	6,480
Unused Vacation Payment to Terminated / Retired Staff		3,581	3,581	3,581	
Cleaning, Repair and Maintenance Services	58,000	(1,513)	56,487	56,278	209
Lease Payments - Buses	19,288		19,288	19,287	1
Contracted Services:					
Between Home and School - Vendors	32,306		32,306	31,853	453
Other than Between Home and School - Vendors	123,200	6,598	129,798	107,664	22,134
Special Education Students - Vendors	9,180	(180)	9,000	9,000	
Regular Education Students - ESCs & CTSAAs	1,151,543	199,082	1,350,625	1,346,221	4,404
Special Education Students - ESCs & CTSAAs	600,000	278,331	878,331	857,296	21,035
Aid in Lieu of Payments for Nonpublic School Students	200,000	4,276	204,276	195,035	9,241
Miscellaneous Purchased Services - Transportation	25,830	(7,861)	17,969	17,906	63
General Supplies	34,000	(10,566)	23,434	23,433	1
Transportation Supplies	1,000	(1,000)			
Other Objects	2,000	(1,114)	886	678	208
Total Student Transportation Services	2,935,741	420,599	3,356,340	3,273,343	82,997

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Unallocated Benefits:					
Social Security Contributions	\$ 1,055,325	\$ (31,792)	\$ 1,023,533	\$ 1,023,533	
Other Retirement Contributions - PERS	1,108,100	(75,936)	1,032,164	1,032,163	\$ 1
Other Retirement Contributions - Deferred PERS Pymt	38,500	(1,737)	36,763	36,763	
Other Retirement Contributions - Regular	41,000	(1,471)	39,529	39,528	1
Workmen's Compensation	369,105	11,905	381,010	381,010	
Health Benefits	11,375,110	(915,183)	10,459,927	10,219,691	240,236
Tuition Reimbursement	139,700	(66,068)	73,632	73,632	
Other Employee Benefits	485,560	28,946	514,506	514,504	2
Unused Sick Payment to Terminated / Retired Staff	125,000	47,522	172,522	172,521	1
Total Unallocated Benefits	<u>14,737,400</u>	<u>(1,003,814)</u>	<u>13,733,586</u>	<u>13,493,345</u>	<u>240,241</u>
On-Behalf Contributions (Non-budgeted):					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				3,866,487	(3,866,487)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				4,478,121	(4,478,121)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				162,253	(162,253)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				7,252	(7,252)
TPAF Social Security (Reimbursed - Non-Budgeted)				3,029,601	(3,029,601)
Total On-Behalf Contributions (Non-Budgeted)				<u>11,543,714</u>	<u>(11,543,714)</u>
Total Employee Benefits	<u>14,737,400</u>	<u>(1,003,814)</u>	<u>13,733,586</u>	<u>25,037,059</u>	<u>(11,303,473)</u>
Total Undistributed Expenditures	<u>44,789,609</u>	<u>(547,193)</u>	<u>44,242,416</u>	<u>54,679,349</u>	<u>(10,436,933)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>84,859,643</u>	<u>(351,745)</u>	<u>84,507,898</u>	<u>93,537,018</u>	<u>(9,029,120)</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	\$ 57,603	\$ (8,839)	\$ 48,764	\$ 27,117	\$ 21,647
School Sponsored and Other Instructional Program	10,000	14,855	24,855	4,837	20,018
Undistributed Expenditures:					
Instruction	441,289	177,678	618,967	452,255	166,712
Support Services - Child Study Teams		9,742	9,742	3,685	6,057
General Administration		122,885	122,885		122,885
Custodial Services		9,397	9,397	9,396	1
Care and Upkeep of Grounds	46,629	9,970	56,599	56,599	
Total Equipment	555,521	335,688	891,209	553,889	337,320
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	35,000		35,000	174,600	35,000
Construction Services	539,600		539,600	76,212	365,000
Assessment for Debt Service on SDA Funding	76,212		76,212		
Total Facilities Acquisition and Construction Services	650,812		650,812	250,812	400,000
Assets Acquired Under Capital Leases (Non-Budgeted):					
Regular Programs - Equipment				691,890	(691,890)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				691,890	(691,890)
<b>TOTAL CAPITAL OUTLAY</b>	<b>1,206,333</b>	<b>335,688</b>	<b>1,542,021</b>	<b>1,496,591</b>	<b>45,430</b>
Transfer of Funds to Charter Schools	34,479	16,057	50,536	30,316	20,220
<b>TOTAL EXPENDITURES</b>	<b>86,100,455</b>		<b>86,100,455</b>	<b>95,063,925</b>	<b>(8,963,470)</b>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(2,767,555)		(2,767,555)	245,977	3,013,532

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	\$ 57,603	\$ (8,839)	\$ 48,764	\$ 27,117	\$ 21,647
School Sponsored and Other Instructional Program	10,000	14,855	24,855	4,837	20,018
Undistributed Expenditures:					
Instruction	441,289	177,678	618,967	452,255	166,712
Support Services - Child Study Teams		9,742	9,742	3,685	6,057
General Administration		122,885	122,885		122,885
Custodial Services		9,397	9,397	9,396	1
Care and Upkeep of Grounds	46,629	9,970	56,599	56,599	
Total Equipment	555,521	335,688	891,209	553,889	337,320
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	35,000		35,000		35,000
Construction Services	539,600		539,600	174,600	365,000
Assessment for Debt Service on SDA Funding	76,212		76,212	76,212	
Total Facilities Acquisition and Construction Services	650,812		650,812	250,812	400,000
Assets Acquired Under Capital Leases (Non-Budgeted):					
Regular Programs - Equipment				691,890	(691,890)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				691,890	(691,890)
<b>TOTAL CAPITAL OUTLAY</b>	<b>1,206,333</b>	<b>335,688</b>	<b>1,542,021</b>	<b>1,496,591</b>	<b>45,430</b>
<b>TOTAL EXPENDITURES</b>	<b>86,100,455</b>		<b>86,100,455</b>	<b>95,063,925</b>	<b>(8,963,470)</b>
Transfer of Funds to Charter Schools	34,479	16,057	50,536	30,316	20,220
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(2,767,555)		(2,767,555)	245,977	3,013,532

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources:					
Transfer from Capital Projects Fund				\$ 89,691	\$ 89,691
Capital Leases (Non-budgeted)				691,890	691,890
Total Other Financing Sources				<u>781,581</u>	<u>781,581</u>
Excess/(Deficit) of Revenues and Other Financing Sources	\$ (2,767,555)		\$ (2,767,555)	1,027,558	3,795,113
Over/(Under) Expenditures				<u>8,276,070</u>	
Fund Balance, July 1	<u>8,276,070</u>		<u>8,276,070</u>	<u>8,276,070</u>	
Fund Balance, June 30	<u>\$ 5,508,515</u>	<u>\$ -0-</u>	<u>\$ 5,508,515</u>	<u>\$ 9,303,628</u>	<u>\$ 3,795,113</u>
Recapitulation:					
Restricted Fund Balance:				\$ 1,502,061	
Capital Reserve				700,000	
Emergency Reserve				260,000	
Maintenance Reserve				1,842,000	
Excess Surplus - Restricted For 2018-2019				1,842,000	
Excess Surplus - Restricted For 2017-2018				1,842,000	
Assigned Fund Balance:					
Year End Encumbrances				1,137,984	
Designated for Subsequent Year's Expenditures				119,564	
Unassigned Fund Balance				<u>1,900,019</u>	
				9,303,628	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(189,716)</u>	
Last State Aid Payments not Recognized on GAAP basis				<u>\$ 9,113,912</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 9,113,912</u>	

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 226,187		\$ 226,187	\$ 145,936	\$ (80,251)
State Sources	48,860		305,445	252,166	(53,279)
Federal Sources	1,355,636	36,451	1,392,087	1,314,216	(77,871)
<b>Total Revenues</b>	<b>1,612,221</b>	<b>311,498</b>	<b>1,923,719</b>	<b>1,712,318</b>	<b>(211,401)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	229,022		229,022	225,924	3,098
Purchased Professional and Technical Services	1,500		1,500	1,500	
Purchased Professional - Educational Services	53,028	7,290	60,318	37,805	22,513
Tuition	872,354	(30,996)	841,358	841,358	
General Supplies	66,362		66,362	59,167	7,195
Textbooks	31,006	235	31,241	30,518	723
Other Objects	22,134	173,651	195,785	117,302	78,483
<b>Total Instruction</b>	<b>978,522</b>	<b>447,064</b>	<b>1,425,586</b>	<b>1,313,574</b>	<b>112,012</b>
Support Services:					
Salaries of Other Professional Staff	4,000	30,217	34,217	33,780	437
Personal Services - Employee Benefits	306	56,160	56,466	52,657	3,809
Purchased Professional and Technical Services	100,690	28,914	129,604	76,345	53,259
Purchased Professional-Educational Services	144,858	27,836	172,694	151,208	21,486
Other Purchased Services	65,050	(28,032)	37,018	27,004	10,014
Supplies and Materials	39,200	39,200	39,200	28,866	10,334
Other Objects	318,795	(318,495)	300	250	50
<b>Total Support Services</b>	<b>633,699</b>	<b>(164,200)</b>	<b>469,499</b>	<b>370,110</b>	<b>99,389</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment		28,634	28,634	28,634	
<b>Total Facilities Acquisition and Construction Services</b>		<b>28,634</b>	<b>28,634</b>	<b>28,634</b>	
<b>Total Expenditures</b>	<b>\$ 1,612,221</b>	<b>\$ 311,498</b>	<b>\$ 1,923,719</b>	<b>\$ 1,712,318</b>	<b>\$ 211,401</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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	\$ 95,309,902	\$ 1,712,318
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(48,675)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	184,671	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(189,716)	
	<u>\$ 95,304,857</u>	<u>\$ 1,663,643</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 95,063,925	\$ 1,712,318
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(48,675)
	<u>\$ 95,063,925</u>	<u>\$ 1,663,643</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

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, 2017 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).



MILLBURN TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

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, 2017

	I.D.E.A.					No Child Left Behind	
	Basic	Preschool	Title I	Title IIA	Title III	Title III	Immigrant
<b>REVENUES:</b>							
Local Sources							
State Sources							
Federal Sources	\$ 885,741	\$ 32,299	\$ 315,556	\$ 46,614	\$ 22,080	\$ 11,926	
Total Revenues	<u>885,741</u>	<u>32,299</u>	<u>315,556</u>	<u>46,614</u>	<u>22,080</u>	<u>11,926</u>	
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers			185,106	32,500	6,563	1,755	
Purchased Professional and Technical Services					1,500		
Purchased Professional - Educational Services							
Tuition	841,358						
General Supplies		11,525	13,588		10,742		10,037
Textbooks							
Other Objects							
Total Instruction	<u>841,358</u>	<u>11,525</u>	<u>198,694</u>	<u>32,500</u>	<u>18,805</u>	<u>11,792</u>	
Support Services:							
Salaries of Other Professional Staff	4,000	19,000	9,900		880		
Personal Services - Employee Benefits	306	1,454	41,185	9,009	569	134	
Purchased Professional and Technical Services	40,077	320	35,948				
Purchased Professional - Educational Services							
Other Purchased Services			20,323	5,105	1,576		
Supplies and Materials			9,506				
Other Objects						250	
Total Support Services	<u>44,383</u>	<u>20,774</u>	<u>116,862</u>	<u>14,114</u>	<u>3,275</u>	<u>134</u>	
Facilities Acquisition and Construction Services:							
Instructional Equipment							
Total Facilities Acquisition and Construction Services							
Total Expenditures	<u>\$ 885,741</u>	<u>\$ 32,299</u>	<u>\$ 315,556</u>	<u>\$ 46,614</u>	<u>\$ 22,080</u>	<u>\$ 11,926</u>	

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Private</u>	<u>Nonpublic</u>	<u>Nonpublic Handicapped Services</u>	
		<u>Auxiliary Services</u>	<u>Examination</u>	
	<u>Donations</u>	<u>Compensatory</u>	<u>and</u>	<u>Corrective</u>
		<u>Education</u>	<u>Classification</u>	<u>Speech</u>
REVENUES:				
Local Sources	\$ 145,936			
State Sources		\$ 16,304	\$ 62,307	\$ 40,121
Federal Sources				
Total Revenues	<u>16,304</u>	<u>21,501</u>	<u>62,307</u>	<u>40,121</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional and Technical Services		16,304	21,501	
Purchased Professional - Educational Services				
Tuition				
General Supplies				
Textbooks	117,302			
Other Objects	<u>117,302</u>	<u>16,304</u>	<u>21,501</u>	
Total Instruction				
Support Services:				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits				
Purchased Professional and Technical Services				
Purchased Professional - Educational Services			62,307	40,121
Other Purchased Services				
Supplies and Materials				
Other Objects				
Total Support Services			<u>62,307</u>	<u>40,121</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment	28,634			
Total Facilities Acquisition and Construction Services	<u>28,634</u>			
Total Expenditures	<u>\$ 145,936</u>	<u>\$ 16,304</u>	<u>\$ 62,307</u>	<u>\$ 40,121</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, 2017

	Nonpublic				Totals
	Nursing	Textbooks	Technology Initiative	Security Aid	
<b>REVENUES:</b>					
Local Sources					\$ 145,936
State Sources	\$ 48,780	\$ 30,518	\$ 13,275	\$ 19,360	252,166
Federal Sources					1,314,216
Total Revenues	<u>48,780</u>	<u>30,518</u>	<u>13,275</u>	<u>19,360</u>	<u>1,712,318</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers					225,924
Purchased Professional and Technical Services					1,500
Purchased Professional - Educational Services					37,805
Tuition					841,358
General Supplies			13,275		59,167
Textbooks		30,518			30,518
Other Objects					117,302
Total Instruction		<u>30,518</u>	<u>13,275</u>		<u>1,313,574</u>
Support Services:					
Salaries of Other Professional Staff					33,780
Personal Services - Employee Benefits					52,657
Purchased Professional and Technical Services					76,345
Purchased Professional - Educational Services	48,780				151,208
Other Purchased Services				19,360	27,004
Supplies and Materials					28,866
Other Objects					250
Total Support Services	<u>48,780</u>			<u>19,360</u>	<u>370,110</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					28,634
Total Facilities Acquisition and Construction Services					28,634
Total Expenditures	<u>\$ 48,780</u>	<u>\$ 30,518</u>	<u>\$ 13,275</u>	<u>\$ 19,360</u>	<u>\$ 1,712,318</u>

CAPITAL PROJECTS FUND

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Revenue and Other Financing Sources:	
Interest on Investments	\$ 39,488
Bond Proceeds	25,593,000
	<hr/>
Total Revenue and Other Financing Sources	25,632,488
	<hr/>
Expenditures and Other Financing Uses:	
Legal Services	157,449
Purchased Professional and Technical Services	598,228
Construction Services	3,531,231
Furniture and Equipment	2,821
Purchase of Building	3,250,000
Cancellation of SDA Grant Receivable	55,394
Transfer to General Fund:	
Transfer Unexpended Balances to Capital Reserve	89,691
Transfer to Debt Service Fund:	
Interest on Investments	39,488
Unexpended Bond Proceeds	69,038
	<hr/>
Total Expenditures and Other Financing Uses	7,793,340
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	17,839,148
	<hr/>
Fund Balance - Beginning of Year	3,070,262
	<hr/>
Fund Balance - End of Year	\$ 20,909,410
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 17,112,505
Restricted - Year End Encumbrances	3,420,722
Committed Fund Balance	215,273
Committed - Year End Encumbrances	160,910
	<hr/>
Total Restricted Fund Balance - Budgetary/GAAP Basis	\$ 20,909,410
	<hr/> <hr/>



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, 2017

	<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	<u>11,643,875</u>		<u>11,643,875</u>	<u>11,644,875</u>
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	1,859,518	\$ 47,349	1,906,867	1,775,000
Total Expenditures and Other Financing Uses	<u>11,596,526</u>	<u>47,349</u>	<u>11,643,875</u>	<u>11,644,875</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Uses	<u>\$ 47,349</u>	<u>\$ (47,349)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

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, 2017

	<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	359,518	\$ 21,689	381,207	275,000
Total Expenditures and Other Financing Uses	9,634,436	21,689	9,656,125	9,657,125
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Uses	\$ 21,689	\$ (21,689)	\$ -0-	\$ -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	100.0%
Original Target Completion Date	04/30/09
Revised Target Completion Date	12/31/14

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, 2017

	<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	\$ (44,375)	\$ 455,449	\$ 455,449
Transfer from Capital Reserve	749,736	(69,863)	679,873	679,873
	<u>1,249,560</u>	<u>(114,238)</u>	<u>1,135,322</u>	<u>1,135,322</u>
Total Revenue and Other Financing Sources				
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	84,652		84,652	85,722
Construction Services	1,050,670		1,050,670	1,049,600
	<u>1,135,322</u>		<u>1,135,322</u>	<u>1,135,322</u>
Total Expenditures				
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 114,238</u>	<u>\$ (114,238)</u>	<u>\$ -0-</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-
Project Balance Cancelled	\$ (114,238)
Revised Authorized Cost	<u>\$ 1,135,322</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
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, 2017

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 138,901	\$ (11,019)	\$ 127,882	\$ 127,882
Transfer from Capital Reserve	208,352	(19,828)	188,524	188,524
Total Revenue and Other Financing Sources	347,253	(30,847)	316,406	316,406
Expenditures:				
Purchased Professional and Technical Services	22,706		22,706	25,631
Construction Services	293,700		293,700	290,775
Total Expenditures	316,406		316,406	316,406
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 30,847	\$ (30,847)	\$ -0-	\$ -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-
Project Balance Cancelled	\$ (30,847)
Revised Authorized Cost	\$ 316,406

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
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  
ENERGY SAVINGS IMPROVEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Project Authorization
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	\$ 17,125	259,782	261,874
Construction Services	1,384,204	2,462,831	3,847,035	4,221,126
Total Expenditures	1,626,861	2,479,956	4,106,817	4,483,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 2,856,139	\$ (2,479,956)	\$ 376,183	\$ -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	92%
Original Target Completion Date	12/31/16
Revised Target Completion Date	12/31/17

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
2016 REFERENDUM PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Bond Proceeds		\$ 25,593,000	\$ 25,593,000	\$ 25,593,000
Total Revenue and Other Financing Sources		25,593,000	25,593,000	25,593,000
Expenditures:				
Legal Services		157,449	157,449	200,000
Purchased Professional and Technical Services		581,103	581,103	2,085,446
Construction Services		1,068,400	1,068,400	18,402,554
Furniture and Equipment		2,821	2,821	1,355,000
Purchase of Building		3,250,000	3,250,000	3,550,000
Total Expenditures		5,059,773	5,059,773	25,593,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 20,533,227	\$ 20,533,227	\$ -0-

Additional Project Information:

Project Number	3190-XXX-16-2000
Grant Date	N/A
Bond Authorization Date	09/27/16
Bonds Authorized	\$ 25,593,176
Bonds Issued	\$ 25,593,000
Original Authorized Cost	\$ 25,593,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 25,593,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	20%
Original Target Completion Date	06/30/19
Revised Target Completion Date	N/A

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

Purpose	Original Issue	Issue Date	Maturity Date	Interest Rate	Balance June 30, 2016	Issued	Matured	Balance June 30, 2017
Partial Roof Replacements	\$ 1,073,000	12/10/15 12/08/16	12/09/16 08/08/17	0.93000% 1.24670%	\$ 1,073,000	\$ 583,000	\$ 1,073,000	\$ 583,000
					<u>\$ 1,073,000</u>	<u>\$ 583,000</u>	<u>\$ 1,073,000</u>	<u>\$ 583,000</u>

PROPRIETARY FUNDS



MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	<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	\$ 160,935	\$ 286,771	\$ 447,706
Other Accounts Receivable		1,802	1,802
Inventories		8,406	8,406
Total Current Assets	<u>160,935</u>	<u>296,979</u>	<u>457,914</u>
Non-Current Assets:			
Capital Assets		187,508	187,508
Less: Accumulated Depreciation		(125,744)	(125,744)
Total Non-Current Assets		<u>61,764</u>	<u>61,764</u>
Total Assets	<u>160,935</u>	<u>358,743</u>	<u>519,678</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	8,311	5,052	13,363
Unearned Revenue		23,039	23,039
Total Current Liabilities	<u>8,311</u>	<u>28,091</u>	<u>36,402</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		61,764	61,764
Unrestricted	152,624	268,888	421,512
Total Net Position	<u>\$ 152,624</u>	<u>\$ 330,652</u>	<u>\$ 483,276</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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		\$ 740,902	740,902
Charges for Services:			
Program Fees	\$ 53,241		53,241
Special Events		8,609	8,609
Miscellaneous Revenue		45,261	45,261
Total Operating Revenue	<u>53,241</u>	<u>794,772</u>	<u>848,013</u>
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs		344,920	344,920
Salaries		208,360	208,360
Employee Benefits & Payroll Taxes		81,941	81,941
Purchased Professional and Technical Services		55,625	55,625
Other Purchased Services		4,282	4,282
Cleaning, Repair and Maintenance Services	78,423		78,423
Supplies and Materials		32,429	32,429
Miscellaneous Expense		3,173	3,173
Depreciation Expense		5,889	5,889
Total Operating Expenses	<u>78,423</u>	<u>736,619</u>	<u>815,042</u>
Operating Income/(Loss)	(25,182)	58,153	32,971
Non-Operating Revenue:			
Local Sources:			
Interest Earnings		377	377
Total Non-Operating Income		<u>377</u>	<u>377</u>
Change in Net Position	(25,182)	58,530	33,348
Net Position - Beginning of Year	<u>177,806</u>	<u>272,122</u>	<u>449,928</u>
Net Position - End of Year	<u>\$ 152,624</u>	<u>\$ 330,652</u>	<u>\$ 483,276</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	\$ 53,241	\$ 788,387	\$ 841,628
Payments to Food Service Contractors		(798,699)	(798,699)
Payments to Suppliers	(102,416)	(4,935)	(107,351)
Net Cash Used for Operating Activities	<u>(49,175)</u>	<u>(15,247)</u>	<u>(64,422)</u>
Cash Flows from Investment Activities:			
Interest Income		377	377
Net Cash Provided by Investing Activities		<u>377</u>	<u>377</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets		(12,360)	(12,360)
Net Cash Used for Capital and Related Financing Activities		<u>(12,360)</u>	<u>(12,360)</u>
Net Decrease in Cash and Cash Equivalents	(49,175)	(27,230)	(76,405)
Cash and Cash Equivalents, July 1	<u>210,110</u>	<u>314,001</u>	<u>524,111</u>
Cash and Cash Equivalents, June 30	<u>\$ 160,935</u>	<u>\$ 286,771</u>	<u>\$ 447,706</u>
Reconciliation of Operating Income/(Loss) to Net Cash Used for Operating Activities:			
Operating Income/(Loss)	\$ (25,182)	\$ 58,153	\$ 32,971
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Used for Operating Activities:			
Depreciation		5,889	5,889
Changes in Assets and Liabilities:			
(Increase) in Other Accounts Receivable		(547)	(547)
(Increase) in Inventory		(1,627)	(1,627)
(Decrease) in Accounts Payable	(23,993)	(71,277)	(95,270)
(Decrease) in Unearned Revenue		(5,838)	(5,838)
Net Cash Used for Operating Activities	<u>\$ (49,175)</u>	<u>\$ (15,247)</u>	<u>\$ (64,422)</u>

FIDUCIARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 JUNE 30, 2017

	Student Activity	Agency Payroll	Totals	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 319,177	\$ 38,543	\$ 357,720	\$ 442,774	\$ 95,450	\$ 1,834
Interfund Receivable:						
Student Activity Agency Fund						
Total Assets	319,177	38,543	357,720	442,774	95,450	1,834
<b>LIABILITIES:</b>						
Payroll Deductions and Withholdings		38,543	38,543			
Due to Student Groups	317,343		317,343			
Interfund Payable:						
Private Purpose Scholarships Trust	1,834		1,834			
Total Liabilities	319,177	38,543	357,720			
<b>NET POSITION:</b>						
Held in Trust for:						
Unemployment Claims				442,774		
Flexible Spending Claims					95,450	
Scholarships						1,834
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 442,774	\$ 95,450	\$ 1,834

MILLBURN TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
	<u>Trust</u>	<u>Trust</u>	<u>Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 76,231	\$ 214,050	
Donations			\$ 50
Total Contributions	<u>76,231</u>	<u>214,050</u>	<u>50</u>
Total Additions	<u>76,231</u>	<u>214,050</u>	<u>50</u>
DEDUCTIONS:			
Unemployment Benefit Claims	46,856		
Flexible Spending Claims		208,177	
Total Deductions	<u>46,856</u>	<u>208,177</u>	
Change in Net Position	29,375	5,873	50
Net Position - Beginning of the Year	<u>413,399</u>	<u>89,577</u>	<u>1,784</u>
Net Position - End of the Year	<u>\$ 442,774</u>	<u>\$ 95,450</u>	<u>\$ 1,834</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 287,953	\$ 913,516	\$ 882,292	\$ 319,177
Total Assets	<u>\$ 287,953</u>	<u>\$ 913,516</u>	<u>\$ 882,292</u>	<u>\$ 319,177</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 287,953	\$ 911,682	\$ 882,292	\$ 317,343
Interfund Payable:				
Private Purpose Scholarships Trust		1,834		1,834
Total Liabilities	<u>\$ 287,953</u>	<u>\$ 913,516</u>	<u>\$ 882,292</u>	<u>\$ 319,177</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 37,883	\$ 61,859,481	\$ 61,858,821	\$ 38,543
Total Assets	<u>\$ 37,883</u>	<u>\$ 61,859,481</u>	<u>\$ 61,858,821</u>	<u>\$ 38,543</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 37,883	\$ 61,859,481	\$ 61,858,821	\$ 38,543
Total Liabilities	<u>\$ 37,883</u>	<u>\$ 61,859,481</u>	<u>\$ 61,858,821</u>	<u>\$ 38,543</u>



LONG-TERM DEBT

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance July 1, 2016	Issued	Matured	Balance June 30, 2017
			Date	Amount	June 30, 2017	Amount					
School Bonds	07/15/95	\$ 22,420,000	07/15/17	\$ 1,150,000	5.350%						
			07/15/18	1,150,000	5.350%						
			07/15/19	1,149,000	5.350%	\$ 4,599,000	\$ 1,150,000	\$ 3,449,000			
Refunding Bonds	12/12/06	9,180,000	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%	4,930,000	840,000	4,090,000			
School Bonds	01/30/07	21,300,000	07/15/17	950,000	4.250%	1,800,000	850,000	950,000			
Refunding Bonds	07/20/11	7,920,000	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%	5,860,000	665,000	5,195,000			
Refunding Bonds	02/19/15	12,110,000	07/15/18	975,000	4.000%						
			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%	12,110,000				12,110,000	

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding				Matured	Balance June 30, 2017
			Date	June 30, 2017	Amount	Interest Rate		
School Bonds	12/06/16	\$ 25,593,000	08/01/18	\$ 200,000		3.500%		
			08/01/19	300,000		3.500%		
			08/01/20	850,000		3.500%		
			08/01/21	800,000		3.500%		
			08/01/22	1,100,000		3.500%		
			08/01/23	1,100,000		3.500%		
			08/01/24	1,100,000		3.500%		
			08/01/25	1,100,000		3.500%		
			08/01/26	1,100,000		3.500%		
			08/01/27	1,200,000		3.500%		
			08/01/28	1,200,000		3.500%		
			08/01/29	1,200,000		3.500%		
			08/01/30	1,200,000		3.500%		
			08/01/31	1,200,000		3.500%		
			08/01/32	1,200,000		3.500%		
			08/01/33	1,200,000		3.500%		
			08/01/34	1,200,000		3.500%		
			08/01/35	1,200,000		3.500%		
			08/01/36	1,200,000		3.625%		
			08/01/37	1,200,000		3.750%		
			08/01/38	1,200,000		3.700%		
			08/01/39	1,200,000		4.000%		
			08/01/40	1,200,000		4.000%		
			08/01/41	1,143,000		4.000%		
							\$ 25,593,000	\$ 25,593,000
								\$ 29,299,000
								\$ 3,505,000
								\$ 51,387,000

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Purpose	Interest Rate	Original Issue	Balance July 1, 2016	Issued	Matured	Balance June 30, 2017
950 MacBook Pro's, 300 iMac, 11 APS 4, 38 Brettford Mobility Carts and 12 Apple iPads Learning Lap (with 10 iPad 2 devices)	0.00%	\$ 1,642,542	\$ 323,837		\$ 323,837	
243 iMac's, 82 MacBook Pro's and 407 MacBook Air's and 35 USB SuperDrives	0.00%	773,104	503,544		89,854	\$ 413,690
2015 54-Passenger Bluebird School Bus	2.36%	85,234	37,250		18,407	18,843
725 MacBook Air's and 18 Brettford Mobility Carts	0.00%	719,669	575,903		71,883	504,020
730 MacBook Air and 15 Brettford Mobility Carts	0.00%	711,449	636,449		75,000	561,449
Energy Savings Improvement Project	2.41%	4,483,000	4,483,000		296,000	4,187,000
15 iMac, 485 MacBook Air and 85 MacBook Pro	0.00%	691,890		\$ 691,890	70,000	621,890
			<u>\$ 6,559,983</u>	<u>\$ 691,890</u>	<u>\$ 944,981</u>	<u>\$ 6,306,892</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 4,449,479		\$ 4,449,479	\$ 4,449,479	
State Sources:					
Debt Service Aid Type II	236,245		236,245	236,245	
Total Revenues	4,685,724		4,685,724	4,685,724	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	1,230,757		1,230,757	1,230,756	\$ 1
Redemption of Principal	3,505,000		3,505,000	3,505,000	
Total Expenditures	4,735,757		4,735,757	4,735,756	1
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(50,033)		(50,033)	(50,032)	1
Other Financing Sources:					
Transfer from Capital Projects Fund:					
Interest Earned				39,488	39,488
Unexpended Bond Proceeds				69,038	69,038
Total Other Financing Sources				108,526	108,526
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(50,033)		(50,033)	58,494	108,527
Fund Balance, July 1	50,210		50,210	50,210	
Fund Balance, June 30	\$ 177	\$ -0-	\$ 177	\$ 108,704	\$ 108,527
<b>Recapitulation:</b>					
Restricted - For Subsequent Year's Expenditures				\$ 69,214	
Restricted				39,490	
Total Restricted Fund Balance				\$ 108,704	

**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**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
Net Investment in Capital Assets (Deficit)	\$ (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	\$ 3,960,021
Restricted	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	26,787,992
Unrestricted (Deficit)	1,114,456	(258,791)	606,999	406,232	(285,216)	(343,727)	(20,235,005)	(22,788,588)	(20,496,217)	(25,538,115)
<b>Total Governmental Activities Net Position</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>	<b>\$ 5,209,898</b>
<b>Business-type Activities:</b>										
Investment in Capital Assets	\$ 3,693	\$ 69,028	\$ 57,246	\$ 49,526	\$ 41,873	\$ 55,364	\$ 46,386	\$ 57,281	\$ 55,293	\$ 61,764
Unrestricted	244,540	237,062	263,657	339,300	407,204	442,047	514,707	492,834	394,635	421,512
<b>Total Business-type Activities Net Position</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>	<b>\$ 483,276</b>
<b>District-wide:</b>										
Net Investment in Capital Assets (Deficit)	\$ (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	\$ 4,021,785
Restricted	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	26,787,992
Unrestricted (Deficit)	1,358,996	(21,729)	870,656	745,532	121,988	98,320	(19,720,298)	(22,295,754)	(20,101,582)	(25,116,603)
<b>Total District Net Position</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>	<b>\$ 5,693,174</b>

Source: Millburn Township School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 36,900,204	\$ 39,242,561	\$ 39,368,597	\$ 40,012,054	\$ 42,120,882	\$ 41,581,725	\$ 48,136,945	\$ 51,995,207	\$ 57,424,866	
Special Education	5,997,331	6,045,526	6,664,958	6,636,844	7,004,876	7,084,468	8,481,855	9,237,742	10,724,925	
Other Special Education		1,076,746	1,024,324	1,081,274	1,329,689	1,282,301	1,333,784	1,380,632	1,418,558	
Other Instruction	2,871,361	2,865,518	1,895,324	1,778,563	1,730,174	1,928,798	2,379,325	2,616,014	3,268,450	
Support Services:										
Tuition	1,970,740	1,985,622	1,914,671	1,795,136	2,132,287	2,511,902	2,884,505	3,098,798	3,356,840	
Student & Instruction Related Services	14,238,145	14,049,547	14,136,561	13,231,475	13,394,479	13,524,226	16,626,291	17,763,520	20,582,202	
General & Business Administrative Services	3,007,515	3,118,998								
General Administrative Services	3,781,327	3,703,873	1,148,162	1,045,625	1,261,167	1,159,205	1,844,306	1,443,137	1,474,315	
School Administrative Services			3,808,743	4,242,723	4,333,362	4,417,753	4,762,840	4,856,047	5,670,633	
Central Services			1,330,633	1,561,666	1,405,161	1,486,185	1,688,684	1,838,095	2,152,534	
Administrative Information Technology			645,708	607,962	591,596	711,810	881,864	987,689	1,010,471	
Plant Operations and Maintenance	6,857,762	7,426,762	7,172,703	7,352,183	7,439,464	7,229,952	8,047,309	8,145,426	8,799,935	
Pupil Transportation	2,808,707	2,924,577	2,944,693	2,814,772	2,744,063	2,888,170	3,126,168	3,211,620	3,809,984	
Transfer of Funds to Charter School			2,202,024	2,088,810	2,035,950	1,847,553	1,323,123	1,147,166	30,316	
Interest on Long-term Debt	2,487,751	2,355,693		53,260	52,488	42,878	99,280	88,705		
Unallocated Depreciation			84,183,487	83,601,940	85,072,386	88,203,879	89,192,656	101,616,279	107,844,269	121,244,492
Total Governmental Activities Expenses	80,226,602	81,376,320	84,183,487	83,601,940	85,072,386	88,203,879	101,616,279	107,844,269	121,244,492	
Business-type Activities:										
Food Service	660,573	672,736	561,115	575,874	594,156	564,764	602,583	690,178	760,617	736,619
Adult School	13,889	16,504								
Field Rental/Joint Facilities	20,303	29,842	25,960	69,846	23,485	28,120	21,292	58,600	183,900	78,423
Total Business-type Activities Expense	694,765	719,082	587,075	645,720	617,641	592,884	748,778	944,517	944,517	815,042
Total District-wide Expenses	\$ 80,921,367	\$ 82,095,402	\$ 84,770,562	\$ 84,247,660	\$ 85,690,027	\$ 88,796,763	\$ 102,365,057	\$ 108,788,786	\$ 122,059,534	
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
Regular Instruction				\$ 305,093	\$ 344,740	\$ 372,203	\$ 435,655	\$ 435,655	\$ 435,655	
Special Education Instruction						602,560	648,246	680,764	715,380	
Pupil Transportation		\$ 22,113				10,690,223	12,723,227	22,000,460	26,857,263	
Operating Grants and Contributions	\$ 13,184,410	11,516,987	\$ 10,669,612	9,849,638	8,125,151	10,690,223	13,755,164	13,755,164	13,755,164	
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	13,184,410	11,539,100	10,669,612	10,154,731	8,604,504	11,797,588	23,332,010	28,365,232	36,555,279	



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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Program Revenues:</b>										
<b>Business-type Activities:</b>										
Charges for Services:										
Food Service	\$ 637,515	\$ 614,570	\$ 566,497	\$ 631,539	\$ 607,425	\$ 562,411	\$ 615,182	\$ 675,733	\$ 776,827	\$ 794,772
Adult School	24,895			69,358	51,228	57,115	42,491	62,780	67,880	53,241
Field Rental/Joint Facilities	60,127	70,316	28,601	13,541	19,019	21,462	29,612			
Operating Grants and Contributions			8,278	714,438	677,672	640,988	687,285	738,513	844,707	848,013
Total Business-type Activities Program Revenues	722,537	684,886	603,376	1,429,816	1,364,343	1,241,976	1,374,980	1,477,026	1,733,414	1,749,267
Total District-wide Program Revenues	\$ 12,261,637	\$ 11,354,498	\$ 10,758,107	\$ 9,318,942	\$ 12,475,260	\$ 14,396,152	\$ 24,019,295	\$ 29,103,745	\$ 844,707	\$ 848,013
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$(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)	\$(84,689,213)
Business-type Activities	27,772	(34,196)	16,301	68,718	60,031	48,104	63,410	(10,265)	(99,810)	32,971
Total District-wide Net Expense	\$(68,659,730)	\$(70,740,904)	\$(74,012,455)	\$(74,928,718)	\$(73,214,767)	\$(74,400,611)	\$(65,797,236)	\$(78,294,534)	\$(79,578,847)	\$(84,656,242)
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 79,613,584
Taxes Levied for Debt Service	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	4,449,479
Unrestricted Grants and Contributions	699,140	129,153	537,235	288,891	258,550	318,376	324,298	408,990	413,122	466,108
Tuition	179,283	169,993								
Investment Earnings	1,261,841	537,058	49,386	19,499	2,234	2,045	426	394	935	43,481
Miscellaneous Income	185,424	940,305	201,503	92,771	223,694	254,578	220,240	264,957	146,646	400,477
Transfers	(10,000)	(25,000)		964						
Adjustments to Capital Assets	(40,514)	(274,477)	(136,816)							
Cancellation of SDA Grant Receivable										
Insurance Recovery Related to Other Costs of Super Storm Sandy						227,096				
Total Governmental Activities	71,268,322	73,679,881	74,350,596	75,062,555	76,065,408	77,145,981	78,381,279	79,949,747	82,429,790	84,973,129
<b>Business-type Activities:</b>										
Investment Earnings	433	247	91	169	220	230	272	271	292	377
Transfers	10,000	25,000	(12,138)	(964)				(984)	(669)	
Disposal of Capital Assets										
Total Business-type Activities	10,433	25,247	(12,047)	(795)	220	230	272	(713)	(377)	377
<b>Total District-wide General Revenues and Other Changes in Net Position</b>	\$ 71,278,755	\$ 73,705,128	\$ 74,338,549	\$ 75,061,760	\$ 76,065,628	\$ 77,146,211	\$ 78,381,551	\$ 79,949,034	\$ 82,429,413	\$ 84,973,506
<b>Change in Net Position:</b>										
Governmental Activities	\$ 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	\$ 283,916
Business-type Activities	38,205	(8,949)	4,254	67,923	60,251	48,334	63,682	(10,978)	(100,187)	33,348
Total District-wide Change in Net Position	\$ 2,619,025	\$ 2,964,224	\$ 326,094	\$ 133,042	\$ 2,850,861	\$ 2,745,600	\$ 12,584,315	\$ 1,654,500	\$ 2,850,566	\$ 317,264

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

UNAUDITED  
 (Modified Accrual Basis of Accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved/Restricted	\$ 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	\$ 6,146,061
Assigned				978,492	783,434	934,503	900,167	391,347	925,655	1,257,548
Unassigned				1,749,628	1,524,744	1,433,194	1,452,631	1,490,129	1,639,470	1,710,303
Unreserved	2,358,489	2,071,239	2,948,309							
<b>Total General Fund</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>	<b>\$ 9,113,912</b>
All Other Governmental Funds:										
Reserved/Restricted	\$ 11,104,175	\$ 737,602	\$ 14,000	\$ 2,124,414	\$ 1,013,608	\$ 652,272	\$ 424,317	\$ 238,137	\$ 119,248	\$ 20,641,931
Committed				16,085	16,085			833,644	2,945,830	376,183
Unreserved, Reported in:										
Capital Projects Fund	4,900,165	3,786,806	2,280,155							
Debt Service Fund	670,994	398,663	768,781							
<b>Total All Other Governmental Funds</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>\$ 21,018,114</b>
<b>Total Governmental Funds</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>	<b>\$ 30,132,026</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Tax Levy	\$ 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	\$ 84,063,063
Tuition Charges	179,283	169,993	305,093	479,353	504,805	383,691	323,564	215,131	209,258	234,173
Transportation Fees					602,560	648,246	653,446	680,764	715,380	729,291
Interest Earnings	1,261,841	537,058	3,490	1,640	535	564	300	86	584	3,495
Miscellaneous	239,755	974,851	308,204	217,205	440,362	439,635	451,220	575,764	316,758	537,724
State Sources	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	14,811,750
Federal Sources	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	1,314,216
<b>Total Revenue</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>101,693,712</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	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	30,775,312
Special Education Instruction	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	5,626,995
Other Special Instruction			1,080,027	1,025,731	1,084,113	1,327,864	1,271,205	1,336,927	1,384,356	1,412,598
School-Sponsored/Other Instruction	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	1,466,305
<b>Support Services:</b>										
Tuition	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	3,356,840
Student & Other Instruction Related Services	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	11,358,113
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	1,234,410
School Administrative Services	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	3,170,497
Central Services	882,253	897,867	801,433	889,314	866,916	900,911	925,461	982,523	1,074,412	1,096,422
Administrative Information Technology	632,772	670,977	645,708	607,962	591,596	667,670	741,734	795,951	785,485	775,100
Plant Operations and Maintenance	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	6,589,033
Student Transportation	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	3,273,343
Unallocated Benefits	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	25,037,059
Transfer of Funds to Charter School									34,471	30,316
Capital Outlay	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	9,064,954
<b>Debt Service:</b>										
Principal	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	3,505,000
Interest and Other Charges	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	1,230,756
<b>Total Expenditures</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>	<b>109,003,053</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (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)	\$ (7,309,341)
Other Financing Sources/(Uses):										
Serial Bonds Issued					7,920,000			12,110,000		25,593,000
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			(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	691,890
Lease Purchase Agreement Proceeds									4,483,000	
Transfers	(10,000)	(25,000)								
Total Other Financing Sources/(Uses)	(10,000)	(25,000)	(136,816)	964	-0-	1,869,638	773,104	804,903	5,194,449	26,284,890
Net Change in Fund Balances	\$ (3,860,706)	\$ (10,978,977)	\$ (2,325,862)	\$ (1,793,883)	\$ 127,001	\$ (1,141,182)	\$ (2,604,894)	\$ (1,117,346)	\$ 3,148,085	\$ 18,975,549
Debt Service as a % of Noncapital Expenditures	5.68%	6.47%	6.20%	6.13%	5.95%	5.71%	5.53%	5.23%	4.91%	4.74%

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)

Fiscal Year Ending June 30,	Interest on Investments	Tuition from Other LEAs	Pre-School Tuition	Subscription Busing	Rentals	Prior Year Refunds	Miscellaneous	Total
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
2017	3,993	128,699	105,474	729,291	98,593	131,906	169,978	1,367,934

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)
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
2016	42,999,800	6,742,691,900	-0-	-0-	1,275,293,400	50,503,000	64,616,900	8,176,105,000	6,246,215	8,182,351,215	514,449,100	1.01	9,504,080,275

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.

Source: Millburn Township Tax Assessor.

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	
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
2016	0.960	0.054	1.014	0.544	0.596	2.154

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.

Source: Millburn Township Tax Collector and School Business Administrator.

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

Taxpayer	2016		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 930,819,000	1	11.38%
51 JFK Unit LLC/Mark-Cali Realty	66,392,800	2	0.81%
101/103 JFK Realty/Mark-Cali Realty	58,072,400	3	0.71%
Short Hills Hilton LLC	57,075,000	4	0.70%
Mack- Cali Realty Corp	54,515,500	5	0.67%
Stone Mountain Properties	27,720,100	6	0.34%
Canoe Brook Country Club	26,330,300	7	0.32%
New Creek C/O Kimco Prop.	20,154,800	8	0.25%
UE Millburn LLC C/O Urban Edge Prop.	20,074,300	9	0.25%
Millburn Common Associates	19,174,700	10	0.23%
Total	<u>\$ 1,280,328,900</u>		<u>15.65%</u>

Taxpayer	2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Associates/Taubman Co.	\$ 794,376,300	1	9.49%
Reckson Short Hills - L.L.C.	74,161,100	2	0.89%
Short Hills Hilton, L.L.C.	75,960,000	3	0.91%
Reckson Operating Partnership LP.	66,842,900	4	0.80%
Mack Properties #3	57,647,500	5	0.69%
Prima III, L.L.C.	21,859,800	6	0.26%
Donald Werner, Esq. (23 Properties)	20,808,900	7	0.25%
Canoe Brook Country Club	18,997,200	8	0.23%
Stone Mountain Properties	17,840,700	9	0.21%
A&R Millburn Associates	17,223,100	10	0.21%
Total	<u>\$ 1,165,717,500</u>		<u>13.92%</u>

Source: Millburn Township Tax Assessor.



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>	
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-
2017	84,063,063	84,063,063	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).

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)			
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	4.70%	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	2.92%	1,753
2016	29,299,000	6,559,983	1,073,000	36,931,983	3.03%	1,819
2017	51,387,000	6,306,892	583,000	58,276,892	4.78%	2,870

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.

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		
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%	1,443
2017	51,387,000	-0-	51,387,000	0.63%	2,530

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.

Source: Millburn Township School District Financial Reports

MILLBURN TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2016  
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	\$ 21,021,743	100.00%	\$ 21,021,743
Essex County General Obligation Debt	413,665,689	11.34%	46,920,269
Subtotal, Overlapping Debt			67,942,012
Millburn Township School District Direct Debt			59,116,892
Total Direct and Overlapping Debt			<u>\$ 127,058,904</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 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	\$ 379,663,197
Total Net Debt Applicable to Limit	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	51,387,000
Legal Debt Margin	\$ 268,692,078	\$ 292,666,249	\$ 307,372,922	\$ 312,414,783	\$ 309,417,053	\$ 310,390,730	\$ 310,933,301	\$ 320,114,690	\$ 335,567,344	\$ 328,276,197
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	17.34%	15.43%	14.08%	13.16%	12.45%	11.61%	10.75%	9.27%	8.03%	13.53%

Legal Debt Margin Calculation for Fiscal Year 2017	
Equalized valuation basis	
2016	\$ 9,718,417,925
2015	9,446,749,015
2014	9,309,572,818
	<u>\$ 28,474,739,758</u>
Average Equalized Valuation of Taxable Property	<u>\$ 9,491,579,919</u>
Debt Limit (4% of average equalization value) <sup>a</sup>	\$ 379,663,197
Net Bonded School Debt	<u>51,387,000</u>
Legal Debt Margin	<u>\$ 328,276,197</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.

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

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Essex County Per Capita Personal Income<sup>b</sup></u>	<u>Millburn Township Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2008	18,476	\$ 53,136	\$ 981,740,736	2.40%
2009	18,547	51,288	951,238,536	4.80%
2010	20,114	53,324	1,072,558,936	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	60,030	1,222,390,890	3.20%
2016	20,308	60,030 *	1,219,089,240	3.10%
2017	20,308 **	60,030 *	1,219,089,240 ***	N/A

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

\*\* - Latest population data available (2016) was used for calculation purposes.

\*\*\* - Latest available population data (2016) and latest available Essex County per capita personal income (2015) 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.

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

<u>Employer</u>	<u>2016</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
St. Barnabas Health Care System	21,000	1	6.02%
Rutgers University-Newark Campus	15,500	2	4.44%
Verizon	15,000	3	4.30%
New Jersey Transit	11,500	4	3.30%
Public Service Electric & Gas	10,000	5	2.87%
Prudential Ins. Co. of America	8,743	6	2.51%
Montclair State University	7,525	7	2.16%
Newark Board of Education	7,050	8	2.02%
Gateway Group One	6,250	9	1.79%
Automatic Data Processing	5,649	10	1.62%
	<u>108,217</u>		<u>31.02%</u>
<b>Total Employment</b>	<u><u>348,806</u></u>		
<u>Employer</u>	<u>2007</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>

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>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>	<u>2017</u>
<b>Instruction:</b>										
Regular	344	350	353	337	327	333	332	328	329	327
Special Education	52	55	54	58	61	59	62	64	69	68
Other Instruction	12	12	12	12	13	16	18	19	19	20
<b>Support Services:</b>										
Student & Instruction Related Services	147	150	146	132	127	131	135	146	152	156
School Administration	29	29	29	31	31	31	31	30	30	30
General Administration	4	4	4	4	4	4	4	3	3	3
Plant Operations and Maintenance	133	134	132	130	130	135	145	145	148	145
Pupil Transportation	17	18	17	16	14	15	15	15	15	15
Business and Other Support Services	18	19	19	19	17	17	17	19	19	19
<b>Total</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>	<b>783</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				
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%
2017	4,894	95,202,343	19,453	4.32%	401	1:21	1:21	1:20	4,894	4,689	0.00%	95.81%

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

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Deerfield Elementary School (1962)	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084
Square Feet	500	500	500	500	500	590	590	590	590	590
Capacity (Students)	492	488	481	517	545	585	575	569	591	565
Glenwood Elementary School (1938)	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243
Square Feet	425	425	425	425	425	502	502	502	502	502
Capacity (Students)	502	516	529	490	489	490	464	478	458	475
Hartshorn Elementary School (1958)	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999
Square Feet	513	513	513	513	513	603	603	603	603	603
Capacity (Students)	540	527	504	537	545	548	542	544	529	498
South Mountain Elementary School (1935)	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358
Square Feet	348	348	348	348	348	439	439	439	439	439
Capacity (Students)	362	357	375	393	363	364	333	357	356	373
Wyoming Elementary School (1927)	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242
Square Feet	343	343	343	343	343	374	374	374	374	374
Capacity (Students)	305	305	341	344	338	336	332	350	373	385
Millburn Middle School (1930)	146,699	146,699	181,908	181,908	235,541	235,541	235,541	235,541	235,541	235,541
Square Feet	966	966	1,094	1,094	1,094	1,047	1,047	1,047	1,047	1,047
Capacity (Students)	1,056	1,116	1,111	1,157	1,148	1,121	1,140	1,124	1,121	1,144

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

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Millburn High School (1955)										
Square Feet	201,858	201,858	227,619	227,619	392,358	392,358	392,358	392,358	392,358	392,358
Capacity (Students)	1,394	1,394	1,763	1,763	1,763	2,104	2,100	2,100	2,100	2,100
Enrollment	1,379	1,392	1,406	1,489	1,480	1,518	1,521	1,464	1,466	1,454
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, 2017:

- 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,	South										Total
	Deerfield Elementary School	Glenwood Elementary School	Hartshorn Elementary School	Mountain Elementary School	Wyoming Elementary School	Millburn Middle School	Millburn High School	Education Center	Millburn High School	Education Center	
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
2017	104,162	132,013	88,600	53,787	117,960	223,355	393,227		24,865		1,137,969

\* 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, 2017  
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:		
School Business Administrator (Travelers Casualty Surety)	249,000	
Treasurer (Utica Mutual Insurance Company)	400,000	

Source: Millburn Township School District records.

SINGLE AUDIT SECTION

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, 2017, 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 1, 2017.

**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.

**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 1, 2017  
Mount Arlington, New Jersey

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

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





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

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, 2017. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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.

***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, 2017.

**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 1, 2017  
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 EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Balance at June 30, 2017		
					Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Amounts Provided to Subrecipients
<u>U.S. Department of Education:</u>									
Passed-through State Department of Education:									
Special Revenue Fund:									
Special Education Cluster:									
I.D.E.A. Part B, Basic	84.027	IDEA359017	7/1/16-6/30/17	\$ 936,059	\$ 775,072	\$ (885,741)	\$ (110,669)		
I.D.E.A. Part B, Basic	84.027	IDEA359016	7/1/15-6/30/16	968,859	89,775				
I.D.E.A. Preschool	84.173	IDEA359017	7/1/16-6/30/17	33,628	28,639	(32,299)	(3,660)		
I.D.E.A. Preschool	84.173	IDEA359016	7/1/15-6/30/16	54,116	11,215				
Total Special Education Cluster					904,701	(918,040)	(114,329)		
No Child Left Behind:									
Title I	84.010	NCLB359017	7/1/16-6/30/17	339,647	241,793	(315,556)	(73,763)		
Title I	84.010	NCLB359016	7/1/15-6/30/16	286,774	53,309				
Total Title I					295,102	(315,556)	(73,763)		
Title II A	84.367	NCLB359017	7/1/16-6/30/17	46,614	34,642	(46,614)	(11,972)		
Title II A	84.367	NCLB359016	7/1/15-6/30/16	51,475	12,061				
Title III	84.365	NCLB359017	7/1/16-6/30/17	23,561	14,029	(22,080)	(8,051)		
Title III	84.365	NCLB359016	7/1/15-6/30/16	17,903	7,914				
Title III - Immigrant	84.365	NCLB359017	7/1/16-6/30/17	12,578	7,013	(11,926)	(4,913)		
Title III - Immigrant	84.365	NCLB359016	7/1/15-6/30/16	22,134	1,271				
Total Special Revenue Fund					1,276,733	(1,314,216)	(213,028)		
Total U.S. Department of Education					1,276,733	(1,314,216)	(213,028)		
Total Federal Awards					\$ 1,276,733	\$ (1,314,216)	\$ (213,028)	\$ -0-	

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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2017		Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	
<b>State Department of Education:</b>											
<b>General Fund State Aid:</b>											
Special Education Aid											
Security Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 1,654,109			\$ 1,500,371	\$ (1,654,109)			\$ (153,738)	\$ 1,654,109
Transportation Aid	17-495-034-5120-084	7/1/16-6/30/17	87,549		79,412	(87,549)				(8,137)	87,549
PARCC Readiness	17-495-034-5120-014	7/1/16-6/30/17	151,719		137,618	(151,719)				(14,101)	151,719
Per Pupil Growth Aid	17-495-034-5120-098	7/1/16-6/30/17	49,400		44,809	(49,400)				(4,591)	49,400
Professional Learning Community Aid	17-495-034-5120-097	7/1/16-6/30/17	49,400		44,809	(49,400)				(4,591)	49,400
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16-6/30/17	695,689		44,482	(695,689)				(4,558)	695,689
Excess Nonpublic Transportation Costs	17-495-034-5120-014	7/1/16-6/30/17	47,764			(47,764)				(47,764)	47,764
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	3,029,601		2,878,255	(3,029,601)				(151,346)	3,029,601
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	3,866,487		3,866,487	(3,866,487)					3,866,487
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	4,478,121		4,478,121	(4,478,121)					4,478,121
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	162,253		162,253	(162,253)					162,253
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	7,252		7,252	(7,252)					7,252
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	1,673,693	\$ (155,962)	155,962						1,673,693
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	76,672	(7,145)	7,145						76,672
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	132,617	(12,358)	12,358						132,617
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	49,400	(4,603)	4,603						49,400
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	49,400	(4,603)	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
Excess Nonpublic Transportation Costs	16-495-034-5120-014	7/1/15-6/30/16	37,675	(37,675)	37,675						37,675
Reimbursed TPAF Social Security Contributions											
Subtotal - General Fund	16-495-034-5094-003	7/1/15-6/30/16	2,981,850	(151,082)	151,082						2,981,850
				(1,057,139)	14,301,008		(14,328,384)		(894,799)	(1,084,515)	20,013,402
<b>Special Revenue Fund Aid:</b>											
<b>Nonpublic Auxiliary Services:</b>											
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	17,557		17,557	(16,304)				\$ 1,253	16,304
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	22,843								14,721
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	2,741		2,741					2,741	
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	3,452								1,725
<b>Nonpublic Handicapped Services:</b>											
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	40,020		40,020	(21,501)					21,501
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	26,733								20,270
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	54,777		54,777	(40,121)					40,121
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	40,967		69,137	(62,307)					35,864
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	70,537								65,768
Examination and Classification	17-100-034-5120-064	7/1/16-6/30/17	31,241		31,241	(30,518)				723	30,518
N.J. Nonpublic Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	31,006								27,540
N.J. Nonpublic Textbook Aid	17-100-034-5120-070	7/1/16-6/30/17	48,780		48,780	(48,780)					48,780
N.J. Nonpublic Nursing Aid	17-100-034-5120-373	7/1/16-6/30/17	14,092		14,092	(13,275)				817	13,275
N.J. Nonpublic Technology Initiative	16-100-034-5120-373	7/1/15-6/30/16	14,118								13,628
N.J. Nonpublic Technology Initiative	17-100-034-5120-509	7/1/16-6/30/17	27,100		27,100	(19,360)					19,360
N.J. Nonpublic Security Aid	16-100-034-5120-509	7/1/15-6/30/16	13,575								10,493
Subtotal - Special Revenue Fund				33,222	305,445		(252,166)		(33,222)	53,279	442,465

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2017		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor		Budgetary Receivable
State Department of Education:												
Debt Service Fund Aid:												
Debt Service Aid - State Support	17-100-034-5120-125	7/1/16-6/30/17	\$ 236,245			\$ 236,245	\$ (236,245)				\$ 236,245	
Subtotal - Debt Service Fund						236,245	(236,245)				236,245	
Total State Department of Education				\$ (1,057,139)	\$ 33,222	14,842,698	(14,816,795)	\$ (33,222)	\$ (894,799)	\$ 53,279	20,693,422	
NJ Schools Development Authority:												
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					455,449	
Wyoming Partial Roof Replacement	3190-120-14-1005	6/6/14-6/30/16	138,901	(127,882)		127,882					127,882	
Total NJ Schools Development Authority				(583,331)		583,331					583,331	
Total State Awards				\$ (1,640,470)	\$ 33,222	\$ 15,426,029	\$ (14,816,795)	\$ (33,222)	\$ (894,799)	\$ 53,279	\$ 21,276,753	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	(3,866,487)			(3,866,487)	3,866,487					
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(4,478,121)			(4,478,121)	4,478,121					
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(162,253)			(162,253)	162,253					
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(7,252)			(7,252)	7,252					
Subtotal - On-Behalf TPAF Pension System Contributions				(8,514,113)		(8,514,113)	8,514,113					
Total State Awards Subject to Single Audit Major Program Determination				\$ 6,911,916		\$ 6,302,682)						

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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017. 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. This basis of accounting is 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 not 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 (\$5,045) for the General Fund and (\$48,675) (of which \$48,675 are for local grants) 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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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		\$ 14,323,339	\$ 14,323,339
Special Revenue Fund	\$ 1,314,216	252,166	1,566,382
Debt Service Fund		236,245	236,245
Total Awards	<u>\$ 1,314,216</u>	<u>\$ 14,811,750</u>	<u>\$ 16,125,966</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

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, 2017.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The District has been awarded two grants in the amount of \$638,725 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, 2017, the two projects have been completed. \$583,331 of the grant funds has been expended and drawn down and \$55,294 was cancelled.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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:				
	84.027	7/1/16-6/30/17	\$ 936,059	\$ 885,741
	84.173	7/1/16-6/30/17	33,628	32,299
<u>State:</u>				
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,654,109	1,654,109
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	87,549	87,549
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	49,400	49,400
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	49,400	49,400
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	49,040	49,040

- 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.



MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

Summary of Auditors' Results: (Cont'd)

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.

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, 2017

Status of Prior Year Findings:

The District had no prior year audit findings.