

**MILLBURN TOWNSHIP  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual  
Financial Report**

**of the**

**Millburn Township School District  
Board of Education**

**Millburn, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

**Prepared by**

**Millburn Township School District  
Board Office**

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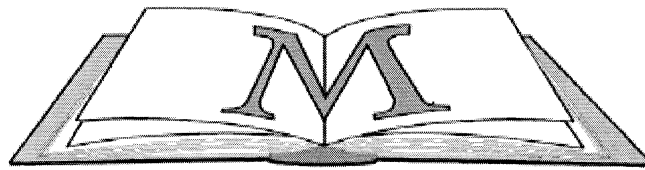
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INTRODUCTORY SECTION



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

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

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January 18, 2019

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, 2018, 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 2017-2018 fiscal year with an average daily enrollment of 4,856 students which is a decrease of 38 students from the previous year.

2) ECONOMIC CONDITION AND OUTLOOK: The Township's cash surplus at December 31, 2017 amounted to \$11,370,749. A systematic and active investment program has been followed; income earned from investments of the Township's surplus cash amounted to \$296,446 in 2017. 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 2017-2018

1. To utilize Professional Learning Communities to enhance identified instructional practices and student achievement targets for the 2017-2018 school year (Year 3 of 3).
2. To implement the Millburn Instructional Mindset (MIM) focused on the assessment framework (Year 1 of 2).
3. To address the scheduling and the use of time towards maximizing student learning targeting elements at elementary, middle and high school levels.

#### Board of Education Goal for FY 2017-2018

1. To investigate best practices and potential financing models for the district.
2. To address the Legal Committee's review of district legal matters.
3. To finalize 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, 2018.

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.

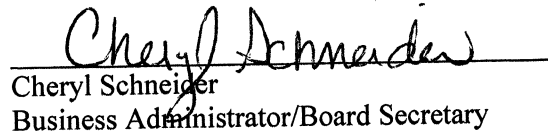
The Honorable President and Members of  
the Board of Education  
Millburn Township School District  
Page 4  
January 18, 2019

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,

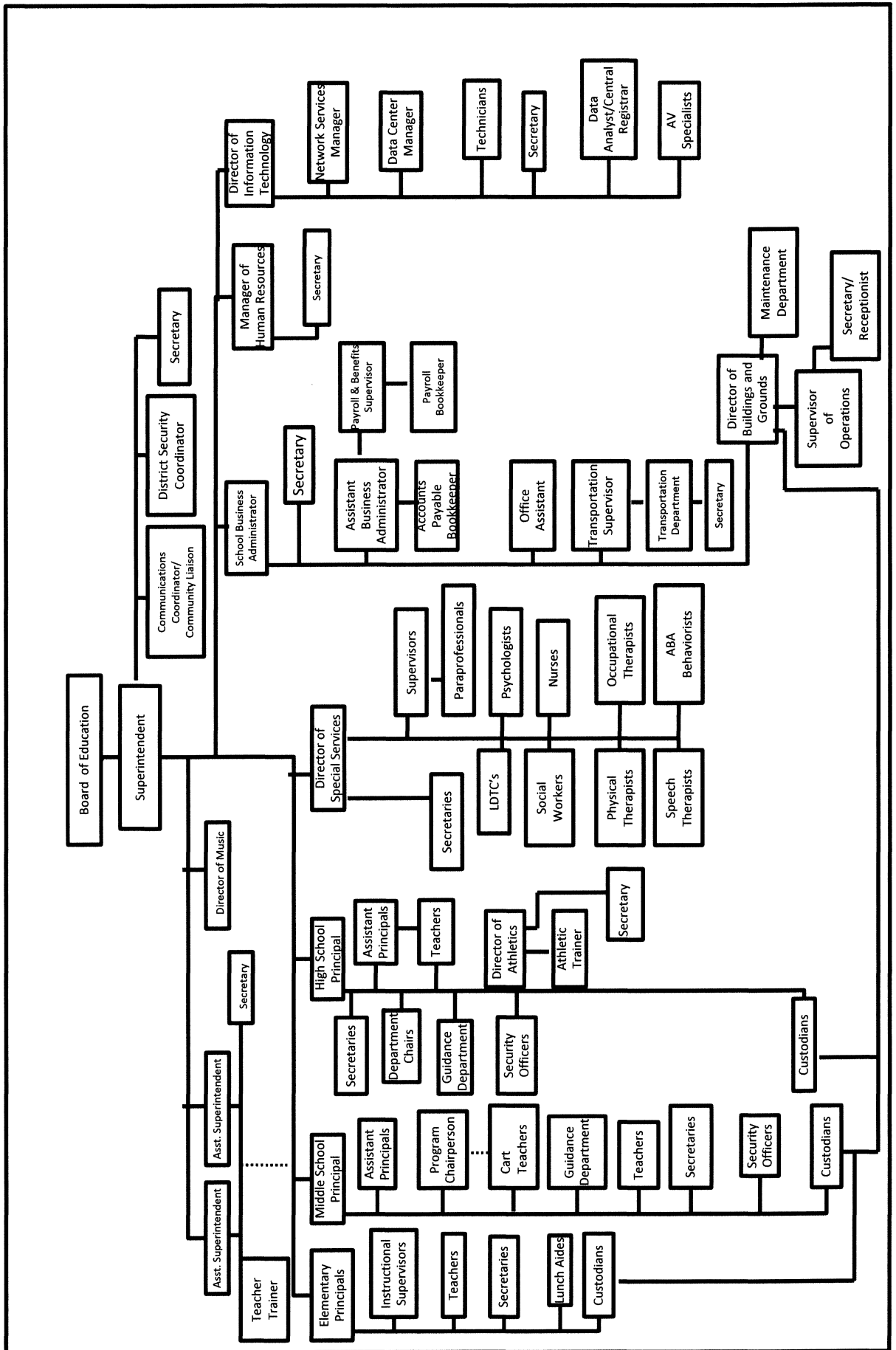


Dr. Christine Burton  
Superintendent of Schools



Cheryl Schneider  
Business Administrator/Board Secretary

# Millburn Township Public Schools Organizational Chart 2017-2018



**MILLBURN TOWNSHIP SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Berylin Bosselman, President	2019
Kate Foss, Vice President	2018
Philip Choong	2019
Emily Jaffe	2020
Oyin Owolabi	2019
David Leibowitz	2019
Louie Shen	2021
Jennifer Woodhouse	2020
Alex Zaltsman	2021

<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**

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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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-employment benefit schedules in Exhibits L-1 through L-5 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.

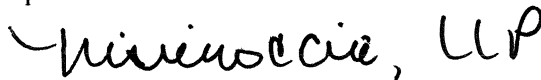


The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records 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 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 January 18, 2019 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

January 18, 2019  
Mount Arlington, New Jersey



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

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018. 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 \$4,279,577 on a district wide basis.
- Overall revenue was \$127,063,050 during the fiscal year.
- Overall expenses were \$122,782,740 during the fiscal year.
- Enrollment in the District decreased by 38 students, or 0.8%, from the prior year.

**Overview of the Financial Statements**

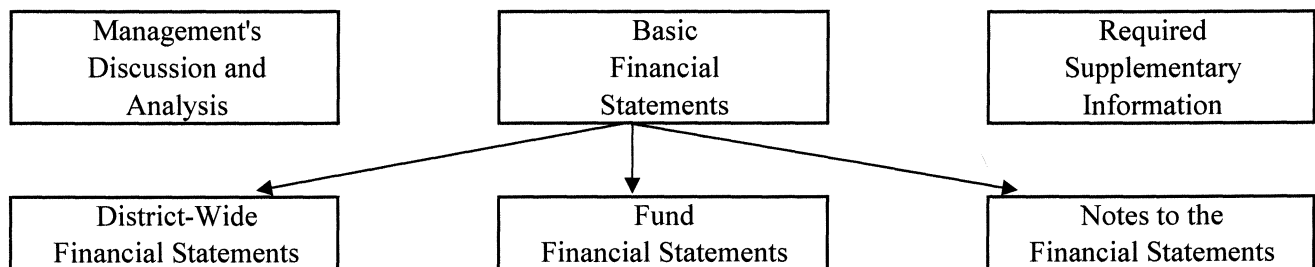
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

**Figure A-1**

**Organization of the School District's Financial Report**



**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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, 2018  
(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, 2018  
(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 \$4,279,577. Net position from governmental activities increased by \$4,285,433 and net position from business-type activities decreased by \$5,856. Net investment in capital assets increased by \$11,705,765, restricted net position decreased by \$6,245,295, and unrestricted net position decreased by \$1,180,893.

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

	Government Activities		Business-Type Activities		Total School District		Percentage
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change 2017/18
Current and							
Other Assets	\$26,738,227	\$32,671,282	\$ 487,894	\$ 457,914	\$27,226,121	\$33,129,196	-17.82%
Capital Assets, Net	67,839,470	60,647,714	74,734	61,764	67,914,204	60,709,478	11.87%
Total Assets	<u>94,577,697</u>	<u>93,318,996</u>	<u>562,628</u>	<u>519,678</u>	<u>95,140,325</u>	<u>93,838,674</u>	1.39%
Deferred Outflows of Resources	9,488,269	12,722,780			9,488,269	12,722,780	-25.42%
Other Liabilities	5,415,350	4,600,863	85,208	36,402	5,500,558	4,637,265	18.62%
Long-Term Liabilities	83,446,119	96,231,015			83,446,119	96,231,015	-13.29%
Total Liabilities	<u>88,861,469</u>	<u>100,831,878</u>	<u>85,208</u>	<u>36,402</u>	<u>88,946,677</u>	<u>100,868,280</u>	-11.82%
Deferred Inflows of Resources	5,709,166				5,709,166		100.00%
Net Position:							
Net Investment in							
Capital Assets	15,652,816	3,960,021	74,734	61,764	15,727,550	4,021,785	291.06%
Restricted	20,542,697	26,787,992			20,542,697	26,787,992	-23.31%
Unrestricted/(Deficit)	<u>(26,700,182)</u>	<u>(25,538,115)</u>	<u>402,686</u>	<u>421,512</u>	<u>(26,297,496)</u>	<u>(25,116,603)</u>	-4.70%
Total Net Position	<u>\$ 9,495,331</u>	<u>\$ 5,209,898</u>	<u>\$ 477,420</u>	<u>\$ 483,276</u>	<u>\$ 9,972,751</u>	<u>\$ 5,693,174</u>	75.17%

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)**

*Changes in Net Position.* The District's combined net position was \$9,972,751 on June 30, 2018, an increase of \$4,279,577 or 75.17% over the previous year. (See Figure A-3). Net Investment in Capital Assets increased \$11,705,765 due the maturity of \$3,625,000 of serial bonds payable, maturity of \$1,028,870 in capital lease principal, and \$9,151,557 in capital assets additions (net of capital assets disposals); offset by \$1,946,831 in depreciation expense, a new capital lease of \$58,500 and a decrease in deferred amount on refunding of \$94,331. Restricted net position decreased by \$6,245,295 primarily due to the progress of referendum projects. Unrestricted net position decreased by \$1,180,893 primarily due to the changes in net pension liability and related deferred outflows and inflows.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
Revenue:							
Program Revenue:							
Charges for Services	\$ 779,303	\$ 963,464	\$ 854,751	\$ 848,013	\$ 1,634,054	\$ 1,811,477	-9.79%
Operating Grants and Contributions	37,153,588	35,591,815			37,153,588	35,591,815	4.39%
General Revenue:							
Property Taxes	87,031,482	84,063,063			87,031,482	84,063,063	3.53%
Unrestricted State and Federal Aid	761,207	466,108			761,207	466,108	63.31%
Other	482,253	443,958	466	377	482,719	444,335	8.64%
Total Revenue	<u>126,207,833</u>	<u>121,528,408</u>	<u>855,217</u>	<u>848,390</u>	<u>127,063,050</u>	<u>122,376,798</u>	3.83%
Expenses:							
Instruction	74,149,661	72,836,799			74,149,661	72,836,799	1.80%
Pupil/Instruction Services	23,551,757	23,939,042			23,551,757	23,939,042	-1.62%
Administrative & Business	10,108,746	10,307,953			10,108,746	10,307,953	-1.93%
Maintenance & Operations	8,573,502	8,799,935			8,573,502	8,799,935	-2.57%
Transportation	3,763,410	3,809,984			3,763,410	3,809,984	-1.22%
Other	1,775,324	1,550,779	860,340	815,042	2,635,664	2,365,821	11.41%
Total Expenses	<u>121,922,400</u>	<u>121,244,492</u>	<u>860,340</u>	<u>815,042</u>	<u>122,782,740</u>	<u>122,059,534</u>	0.59%
Disposal of Capital Assets, Net			(733)		(733)		-100.00%
Increase/(Decrease) in Net Position	<u>\$ 4,285,433</u>	<u>\$ 283,916</u>	<u>\$ (5,856)</u>	<u>\$ 33,348</u>	<u>\$ 4,279,577</u>	<u>\$ 317,264</u>	1248.90%

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)**

*Revenue Sources.* The District's total revenue for the 2017/2018 school year was \$127,063,050. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$87,031,482 of the total, or 68.49%. (See Figure A-5). Another 29.84% came from state and federal aid and the remaining 1.67% came from tuition, subscription busing fees, miscellaneous sources and other charges for services.

**Figure A-5  
Sources of Revenue for Fiscal Year 2018 and 2017**

	<u>2018</u>	<u>Percentage</u>	<u>2017</u>	<u>Percentage</u>
Sources of Income:				
Grants and Contributions	\$ 37,153,588	29.24%	\$ 35,591,815	29.08%
Property Taxes	87,031,482	68.49%	84,063,063	68.69%
Unrestricted Federal and State Aid	761,207	0.60%	466,108	0.38%
Charges for Services	1,634,054	1.29%	1,811,477	1.49%
Other	482,719	0.38%	444,335	0.36%
	<u>\$ 127,063,050</u>	<u>100.00%</u>	<u>\$ 122,376,798</u>	<u>100.00%</u>

The total cost of all programs and services was \$122,782,740. The District's expenses are predominantly related to Instructing and providing Pupil Services (79.57%). (See Figure A-6). Other cost areas include Administrative and Business activities (8.23%) and Maintenance and Operations (6.98%). The District operates seven schools, an education center/administration building and a maintenance building. It is important to note that expenses for the year include \$1,946,831 of depreciation expense and \$1,775,324 of interest on long-term debt attributable to its governmental and business-type activities.

**Figure A-6  
Expenses for Fiscal Year 2018 and 2017**

	<u>2018</u>	<u>Percentage</u>	<u>2017</u>	<u>Percentage</u>
Expense Category:				
Instruction	\$ 74,149,661	60.39%	\$ 72,836,799	59.67%
Pupil and Instruction Services	23,551,757	19.18%	23,939,042	19.61%
Administrative and Business	10,108,746	8.23%	10,307,953	8.45%
Maintenance and Operations	8,573,502	6.98%	8,799,935	7.21%
Transportation	3,763,410	3.07%	3,809,984	3.12%
Other	2,635,664	2.15%	2,365,821	1.94%
	<u>\$ 122,782,740</u>	<u>100.00%</u>	<u>\$ 122,059,534</u>	<u>100.00%</u>



**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)**

**Governmental Activities**

The financial position of the District improved significantly. However, maintaining existing programs while experiencing changes in enrollment, combined with rising salary and benefits costs, places great demands on the District's resources.

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

- Participation in multiple cooperative purchasing programs for district supplies.
- Shared service agreements with other public entities for busing services.
- Membership in purchasing cooperatives for purchases of energy and various types of insurance.
- Participation with the Township of Millburn in a Joint Facilities Committee for the maintenance of township and board owned athletic fields.
- The use of state contracts.
- The District is completing projects from the 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 has been pursuing grants for supplement funding for District initiatives.

The District will continue its practice of examining all expenses 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 <u>2017/18</u>	Net Cost of Services <u>2017/18</u>	Total Cost of Services <u>2016/17</u>	Net Cost of Services <u>2016/17</u>
Instruction	\$ 74,149,661	\$ 45,818,534	\$ 72,836,799	\$ 45,474,280
Pupil and Instruction Services	23,551,757	16,796,567	23,939,042	17,527,778
Administrative and Business	10,108,746	8,164,852	10,307,953	8,453,488
Maintenance and Operations	8,573,502	8,573,502	8,799,935	8,799,935
Transportation	3,763,410	2,860,730	3,809,984	2,882,953
Other	1,775,324	1,775,324	1,550,779	1,550,779
	<u>\$ 121,922,400</u>	<u>\$ 83,989,509</u>	<u>\$ 121,244,492</u>	<u>\$ 84,689,213</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)**

**Business-Type Activities**

Net position from the District's business-type activity decreased by \$5,856. (Refer to Figure A-4). Factors contributing to these results included:

- Field Rental/Joint Facilities Fund expenses exceeded revenue by \$27,070, which was primarily due to the installation of safety fences.
- Food Service Fund revenues exceeded expenses by \$21,947, which was primarily a result of the increase in daily sales.

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

The District's financial position decreased on a fund basis. Interest earnings on investments have started to increase due to increased interest rates. However, statutory budget caps have had a direct impact upon the District's revenue sources. The District's expenses increased in the Capital Projects Fund due to the progress of the referendum projects.

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.
- Receipt of additional state aid after the original budget was approved.

**Capital Asset and Long-Term Liabilities Administration**

The District's capital assets increased by \$7,204,726 or 11.87% - 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
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change 2017/18
Sites	\$ 109,045	\$ 109,045			\$ 109,045	\$ 109,045	0.00%
Construction in Progress	12,940,263	9,166,590			12,940,263	9,166,590	41.17%
Site Improvements	3,961,834	3,879,743			3,961,834	3,879,743	2.12%
Buildings & Building Improvements	47,952,487	44,999,751			47,952,487	44,999,751	6.56%
Machinery and Equipment	2,875,841	2,492,585	\$ 74,734	\$ 61,764	2,950,575	2,554,349	15.51%
<b>Total Capital Assets, Net</b>	<b>\$67,839,470</b>	<b>\$60,647,714</b>	<b>\$ 74,734</b>	<b>\$ 61,764</b>	<b>\$67,914,204</b>	<b>\$60,709,478</b>	<b>11.87%</b>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Unaudited)**

During the fiscal year, the District acquired or constructed \$9,199,191 in capital asset additions for various capital projects, offset by \$1,946,831 in current year depreciation (\$1,938,848 its governmental activities and \$7,983 from its business-type activities) and \$47,634 of capital asset disposals.

**Long-term Liabilities**

The District's long term liabilities decreased by \$12,784,896 or 13.29% – 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
	2017/18	2016/17	Change 2017/18
General Obligation Bonds (Financed with Property Taxes)	\$ 47,762,000	\$ 51,387,000	-7.05%
Net Pension Liability	26,234,454	34,187,025	-23.26%
Other Long-Term Liabilities	9,449,665	10,656,990	-11.33%
	<u>\$ 83,446,119</u>	<u>\$ 96,231,015</u>	-13.29%

- The District continued to pay down its bonded debt, retiring \$3,625,000 of outstanding bonds.
- Compensated absences payable increased by a net amount of \$18,763.
- Net pension liability decreased by \$7,952,571.
- The District entered into a \$58,500 capital lease purchase agreement to purchase a school bus and paid down \$1,028,870 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 also made 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, 2018  
(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, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 15,407,770	\$ 477,528	\$ 15,885,298
Investments	6,024,728		6,024,728
Accrued Interest Receivable	23,090		23,090
Receivables from State Government	812,696		812,696
Receivables from Federal Government	254,588		254,588
Receivables from Other Governments	5,438		5,438
Other Accounts Receivables	20,540		20,540
Lease Purchase Proceeds Receivable	215,623		215,623
Inventories		10,366	10,366
Restricted Cash and Cash Equivalents	3,973,754		3,973,754
Capital Assets, Net:			
Sites (Land) and Construction in Progress	13,049,308		13,049,308
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	54,790,162	74,734	54,864,896
Total Assets	<u>94,577,697</u>	<u>562,628</u>	<u>95,140,325</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	911,868		911,868
Deferred Outflows Related to Pensions	8,576,401		8,576,401
Total Deferred Outflows of Resources	<u>9,488,269</u>		<u>9,488,269</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	3,559,025	60,577	3,619,602
Accrued Interest Payable	842,649		842,649
Payable to State Government	49,306		49,306
Unearned Revenue	964,370	24,631	989,001
Noncurrent Liabilities:			
Due Within One Year	4,960,710		4,960,710
Due Beyond One Year	78,485,409		78,485,409
Total Liabilities	<u>88,861,469</u>	<u>85,208</u>	<u>88,946,677</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	5,709,166		5,709,166
Total Deferred Inflows of Resources	<u>5,709,166</u>		<u>5,709,166</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	15,652,816	74,734	15,727,550
Restricted for:			
Capital Projects	14,921,132		14,921,132
Debt Service	232,206		232,206
Maintenance	1,005,359		1,005,359
Emergency	700,000		700,000
Excess Surplus	3,684,000		3,684,000
Unrestricted/(Deficit)	(26,700,182)	402,686	(26,297,496)
Total Net Position	<u>\$ 9,495,331</u>	<u>\$ 477,420</u>	<u>\$ 9,972,751</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, 2018

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	\$ 58,668,768	\$ 92,960	\$ 20,747,910	\$ (37,827,898)		\$ (37,827,898)
Special Education	10,896,791	18,149	6,301,903	(4,576,739)		(4,576,739)
Other Special Instruction	1,455,998			(1,455,998)		(1,455,998)
Other Instruction	3,128,104		1,170,205	(1,957,899)		(1,957,899)
<b>Support Services:</b>						
Tuition	3,373,699		835,108	(2,538,591)		(2,538,591)
Student and Instruction Related Services	20,178,058		5,920,082	(14,257,976)		(14,257,976)
General Administrative Services	1,272,743		141,844	(1,130,899)		(1,130,899)
School Administrative Services	5,912,096		1,676,326	(4,235,770)		(4,235,770)
Central Services	1,956,525		125,724	(1,830,801)		(1,830,801)
Administrative Information Technology	967,382			(967,382)		(967,382)
Plant Operations and Maintenance	8,573,502			(8,573,502)		(8,573,502)
Pupil Transportation	3,763,410	668,194	234,486	(2,860,730)		(2,860,730)
Interest on Long-Term Debt	1,775,324			(1,775,324)		(1,775,324)
<b>Total Governmental Activities</b>	<b>121,922,400</b>	<b>779,303</b>	<b>37,153,588</b>	<b>(83,989,509)</b>		<b>(83,989,509)</b>
<b>Business-Type Activities:</b>						
Field Rental/Joint Facilities	76,022	48,952			\$ (27,070)	(27,070)
Food Service	784,318	805,799			21,481	21,481
<b>Total Business-Type Activities</b>	<b>860,340</b>	<b>854,751</b>			<b>(5,589)</b>	<b>(5,589)</b>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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	\$ 122,782,740	\$ 1,634,054	\$ 37,153,588	\$ (83,989,509)	\$ (5,589)	\$ (83,995,098)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				81,901,838		81,901,838
Taxes Levied for Debt Service				5,129,644		5,129,644
Federal, State and Local Aid not Restricted				761,207		761,207
Interest Earnings				212,792	466	213,258
Miscellaneous Income				269,461	(733)	269,461
Other Item - Disposal of Capital Assets						(733)
Total General Revenues and Other Items				88,274,942	(267)	88,274,675
Change in Net Position				4,285,433	(5,856)	4,279,577
Net Position - Beginning				5,209,898	483,276	5,693,174
Net Position - Ending				\$ 9,495,331	\$ 477,420	\$ 9,972,751

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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 8,729,059	\$ 35,610	\$ 6,642,898	\$ 203	\$ 15,407,770
Investments			6,024,728		6,024,728
Interfund Receivable			402,082	232,003	634,085
Accrued Interest Receivable			23,090		23,090
Receivables From State Government	812,696				812,696
Receivables From Federal Government		254,588			254,588
Receivables From Other Governments	5,438				5,438
Other Accounts Receivable	20,540				20,540
Lease Purchase Proceeds Receivable			215,623		215,623
Restricted Cash and Cash Equivalents	3,973,754				3,973,754
<b>Total Assets</b>	<b>\$ 13,541,487</b>	<b>\$ 290,198</b>	<b>\$ 13,308,421</b>	<b>\$ 232,206</b>	<b>\$ 27,372,312</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable	\$ 402,082		\$ 232,003		\$ 634,085
Accounts Payable	1,939,511	\$ 170,875	208,059		2,318,445
Payable to State Government		49,306			49,306
Unearned Revenue	894,353	70,017			964,370
<b>Total Liabilities</b>	<b>3,235,946</b>	<b>290,198</b>	<b>440,062</b>		<b>3,966,206</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	2,268,395				2,268,395
Emergency Reserve	700,000				700,000
Maintenance Reserve	1,005,359				1,005,359
Excess Surplus - For 2019-2020	1,842,000				1,842,000
Excess Surplus - For 2018-2019	1,842,000				1,842,000
Capital Projects			12,652,737		12,652,737
Debt Service				\$ 232,206	232,206
<b>Committed:</b>					
Capital Projects			215,622		215,622
<b>Assigned:</b>					
Other Purposes	1,000,990				1,000,990
Unassigned	1,646,797				1,646,797
<b>Total Fund Balances</b>	<b>10,305,541</b>		<b>12,868,359</b>	<b>232,206</b>	<b>23,406,106</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,541,487</b>	<b>\$ 290,198</b>	<b>\$ 13,308,421</b>	<b>\$ 232,206</b>	<b>\$ 27,372,312</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

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

Total Fund Balances from previous page	\$ 23,406,106
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$108,103,465 and the accumulated depreciation is \$40,263,995.	67,839,470
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 \$1,016,827.	(2,307,508)
Deferred Amount on Refunding is not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure	911,868
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(842,649)
Long-Term Liabilities, including the Net Pension Liability for PERS, Bonds Payable and Capital Leases Payable, are not due and payable current period and therefore are not reported as liabilities in the Funds.	(81,138,611)
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	<u>1,626,655</u>
Net Position of Governmental Activities (Exhibit A-1)	<u><u>\$ 9,495,331</u></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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 81,901,838			\$ 5,129,644	\$ 87,031,482
Tuition from Other LEAs	18,149				18,149
Tuition from Individuals	92,960				92,960
Transportation Fees From Individuals	668,194				668,194
Interest Earned on Capital Reserve Funds	16,334				16,334
Miscellaneous	273,203	\$ 552,581	\$ 192,716		1,018,500
Total - Local Sources	82,970,678	552,581	192,716	5,129,644	88,845,619
State Sources	16,170,554	294,499		525,569	16,990,622
Federal Sources		1,375,183			1,375,183
Total Revenues	99,141,232	2,222,263	192,716	5,655,213	107,211,424
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	31,196,792	480,483			31,677,275
Special Education Instruction	5,680,905	57,476			5,738,381
Other Special Instruction	1,454,312				1,454,312
School-Sponsored/Other Instruction	1,449,151				1,449,151
Support Services and Undistributed Costs:					
Tuition	2,538,591	835,108			3,373,699
Student/Other Instruction Related Services	10,858,166	420,977			11,279,143
General Administrative Services	961,559				961,559
School Administrative Services	3,332,572				3,332,572
Central Services	1,071,473				1,071,473
Administrative Information Technology	803,529				803,529
Plant Operations and Maintenance	6,954,330				6,954,330
Student Transportation	3,351,714				3,351,714
Unallocated Benefits	27,629,973				27,629,973
Capital Outlay	725,036	428,219	8,041,051		9,194,306
Debt Service:					
Principal				3,625,000	3,625,000
Interest and Other Charges				2,099,427	2,099,427
Total Expenditures	98,008,103	2,222,263	8,041,051	5,724,427	113,995,844
Excess/(Deficit) of Revenue Over/(Under)					
Expenditures	1,133,129		(7,848,335)	(69,214)	(6,784,420)
Other Financing Sources/(Uses):					
Capital Leases (Non-budgeted)	58,500				58,500
Transfers			(192,716)	192,716	
Total Other Financing Sources/(Uses)	58,500		(192,716)	192,716	58,500

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ 1,191,629		\$ (8,041,051)	\$ 123,502	\$ (6,725,920)
Fund Balance - July 1	<u>9,113,912</u>		<u>20,909,410</u>	<u>108,704</u>	<u>30,132,026</u>
Fund Balance - June 30	<u><u>\$ 10,305,541</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 12,868,359</u></u>	<u><u>\$ 232,206</u></u>	<u><u>\$ 23,406,106</u></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, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (6,725,920)

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	\$ (1,938,848)	
	Disposal of Capital Assets, Net of Accumulated Depreciation	(46,901)	
	Capital Outlays	<u>9,177,505</u>	7,191,756

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 (+). 162,716

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. 3,625,000

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. (58,500)

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. 1,028,870

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. (94,331)

In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (18,763)

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	7,952,571	
Changes in Deferred Outflows and Inflows Related to Pensions	<u>(9,033,684)</u>	

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 4,285,433

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

	<u>Business-Type Activities</u> <u>Non-Major Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 477,528
Inventories	10,366
Total Current Assets	<u>487,894</u>
Non-Current Assets:	
Capital Assets	181,458
Less: Accumulated Depreciation	<u>(106,724)</u>
Total Non-Current Assets	<u>74,734</u>
Total Assets	<u>562,628</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	60,577
Unearned Revenue	<u>24,631</u>
Total Current Liabilities	<u>85,208</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	74,734
Unrestricted	<u>402,686</u>
Total Net Position	<u><u>\$ 477,420</u></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, 2018

	Business-Type Activities
	Non-Major Funds
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 758,390
Program Fees	48,952
Special Events	3,136
Miscellaneous Revenue	44,273
Total Operating Revenue	854,751
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	339,851
Salaries, Benefits & Payroll Taxes	274,353
Purchased Professional and Technical Services	58,361
Other Purchased Services	67,610
Cleaning, Repair and Maintenance Services	76,022
Supplies and Materials	33,382
Miscellaneous Expense	2,778
Depreciation Expense	7,983
Total Operating Expenses	860,340
Operating Loss	(5,589)
Non-Operating Revenue:	
Local Sources:	
Interest Income	466
Total Non-Operating Revenue	466
Change in Net Position Before Other Item	(5,123)
Other Item:	
Disposal of Capital Assets	(733)
Total Other Item	(733)
Change in Net Position After Other Item	(5,856)
Net Position - Beginning of Year	483,276
Net Position - End of Year	\$ 477,420

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, 2018

	Business-Type Activities Non-Major Funds
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 858,145
Payments to Food Service Contractors	(722,952)
Payments to Suppliers	(84,151)
	51,042
Net Cash Provided by Operating Activities	51,042
Cash Flows from Investing Activities:	
Interest Income	466
	466
Net Cash Provided by Investing Activities	466
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(21,686)
	(21,686)
Net Cash Used for Capital and Related Financing Activities	(21,686)
Net Increase in Cash and Cash Equivalents	29,822
Cash and Cash Equivalents, July 1	447,706
	447,706
Cash and Cash Equivalents, June 30	\$ 477,528
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (5,589)
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	7,983
Changes in Assets and Liabilities:	
Decrease in Other Accounts Receivable	1,802
(Increase) in Inventory	(1,960)
Increase in Accounts Payable	47,214
Increase in Unearned Revenue	1,592
	51,042
Net Cash Provided by Operating Activities	\$ 51,042

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, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 404,011	\$ 479,677	\$ 108,811	
Interfund Receivable:				
Student Activity Agency Fund				\$ 1,834
Total Assets	<u>404,011</u>	<u>479,677</u>	<u>108,811</u>	<u>1,834</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	36,211			
Due to Student Groups	365,966			
Interfund Payable:				
Private Purpose Scholarships Trust	<u>1,834</u>			
Total Liabilities	<u>404,011</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		479,677		
Flexible Spending Claims			108,811	
Scholarships				<u>1,834</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 479,677</u>	<u>\$ 108,811</u>	<u>\$ 1,834</u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
	<u>Trust</u>	<u>Trust</u>	<u>Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 78,898	\$ 236,310	
Total Contributions	<u>78,898</u>	<u>236,310</u>	
Total Additions	<u>78,898</u>	<u>236,310</u>	
DEDUCTIONS:			
Unemployment Benefit Claims	41,995		
Flexible Spending Claims		222,949	
Total Deductions	<u>41,995</u>	<u>222,949</u>	
Change in Net Position	36,903	13,361	
Net Position - Beginning of the Year	<u>442,774</u>	<u>95,450</u>	\$ 1,834
Net Position - End of the Year	<u><u>\$ 479,677</u></u>	<u><u>\$ 108,811</u></u>	<u><u>\$ 1,834</u></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, 2018

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, 2018  
(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, 2018  
(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, 2018  
(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, 2018 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	\$ 99,161,702	\$ 2,215,989
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		(42,401)
Prior Year Encumbrances		48,675
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	189,716	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(210,186)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 99,141,232	\$ 2,222,263



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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	\$ 98,008,103	\$ 2,215,989
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		(42,401)
Prior Year Encumbrances		48,675
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 98,008,103</u>	<u>\$ 2,222,263</u>

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, 2018  
(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, 2018.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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 acquisition value. 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, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed GASB. 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, 2018  
(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 \$10,305,541 General Fund balance at June 30, 2018, \$1,000,990 is assigned for year end encumbrances; \$2,268,395 is restricted in the capital reserve account; \$1,005,359 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, 2019; \$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, 2020; and \$1,646,797 is unassigned, which is \$210,186 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, 2019.

Capital Projects Fund: Of the \$12,868,359 fund balance in the Capital Projects Fund at June 30, 2018, \$12,652,737 is restricted for Capital Projects and \$215,622 is committed for Capital Projects.

Debt Service Fund: Of the \$232,206 restricted fund balance in the Debt Service Fund at June 30, 2018, \$39,490 is anticipated revenue for the fiscal year ended June 30, 2019 and 192,716 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, 2018  
(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 \$26,700,182 in its governmental activities, which is primarily due to deferred inflows, outflows and liabilities related to pensions of \$24,607,799 and compensated absences of \$1,805,635. This deficit does not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred outflow of resources for the deferred amount on refunding bonds and deferred outflows and inflows of resources related to pensions at June 30, 2018.

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, 2018  
(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 \$215,622 of committed fund balance at June 30, 2018 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 \$1,000,990 of assigned resources for year-end encumbrances in the General Fund at June 30, 2018.

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, 2018  
(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, 2018  
(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 of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) 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



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in 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; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	<u>Restricted Cash and Cash Equivalents</u>			<u>Cash and Equivalents</u>	<u>Total</u>
	<u>Capital Reserve</u>	<u>Emergency Reserve</u>	<u>Maintenance Reserve</u>		
Checking/Money Market Accounts	\$ 750,000	\$ 700,000	\$ 1,005,359	\$10,234,899	\$ 12,690,258
NJ ARM	1,518,395			6,642,898	8,161,293
	<u>\$ 2,268,395</u>	<u>\$ 700,000</u>	<u>\$ 1,005,359</u>	<u>\$16,877,797</u>	<u>\$ 20,851,551</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$20,851,551 and the bank balance was \$22,215,241. The balance of \$8,161,293 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, 2018 consisted of the following recurring fair value measurements as Level 1 inputs:

	Balance at June 30, 2018	Weighted Average Maturity in Months
U.S. Treasury Notes	\$ 6,024,728	18.04

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2017	\$ 1,502,061
Add: Interest Earnings	16,334
Transfer from Unassigned Fund Balance per Board Resolution - June 19, 2018	750,000
Ending Balance, June 30, 2018	\$ 2,268,395

The balance in the capital reserve account at June 30, 2018 does not exceed the local support costs of uncompleted capital projects in the District's approved LRFP.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 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	9,166,590	\$ 8,041,050	\$ (4,267,377)	12,940,263
Total Capital Assets Not Being Depreciated	<u>9,275,635</u>	<u>8,041,050</u>	<u>(4,267,377)</u>	<u>13,049,308</u>
Capital Assets Being Depreciated:				
Site Improvements	6,245,985	363,075		6,609,060
Buildings and Building Improvements	77,426,206	95,900	4,267,377	81,789,483
Machinery and Equipment	6,423,068	677,480	(444,934)	6,655,614
Total Capital Assets Being Depreciated	<u>90,095,259</u>	<u>1,136,455</u>	<u>3,822,443</u>	<u>95,054,157</u>
Governmental Activities Capital Assets	<u>99,370,894</u>	<u>9,177,505</u>	<u>(444,934)</u>	<u>108,103,465</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,366,242)	(280,984)		(2,647,226)
Buildings and Building Improvements	(32,426,455)	(1,410,541)		(33,836,996)
Machinery and Equipment	(3,930,483)	(247,323)	398,033	(3,779,773)
	<u>(38,723,180)</u>	<u>(1,938,848)</u>	<u>398,033</u>	<u>(40,263,995)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 60,647,714</u>	<u>\$ 7,238,657</u>	<u>\$ (46,901)</u>	<u>\$ 67,839,470</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 187,508	\$ 21,686	\$ (27,736)	\$ 181,458
Less: Accumulated Depreciation	<u>(125,744)</u>	<u>(7,983)</u>	<u>27,003</u>	<u>(106,724)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 61,764</u>	<u>\$ 13,703</u>	<u>\$ (733)</u>	<u>\$ 74,734</u>

The District expended \$9,199,191 on various capital projects during the fiscal year, which included \$8,041,050 of construction projects in progress. The District disposed of assets with a net carrying value of \$47,634 from its governmental and business-type activities. The District has \$30,076,000 in active construction projects, with unexpended balance of \$12,868,359 of which \$9,182,799 represents open encumbrances as of June 30, 2018. Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,397,512
Special Education Instruction	202,166
Student and Other Instruction Related Services	43,303
General Administration	62,088
School Administration	35,784
Central Services	9,386
Administrative Information Technology	154,128
Operations and Maintenance of Plant	8,157
Student Transportation	26,324
	<u>\$ 1,938,848</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 6. OPERATING LEASES

The District has commitments to lease copying equipment, digital mailing machines and science textbooks under operating leases which expire in 2023. Future minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2019	\$ 377,162
June 30, 2020	355,546
June 30, 2021	333,541
June 30, 2022	30,055
June 30, 2023	<u>7,784</u>
Total future minimum lease payments	<u><u>\$ 1,104,088</u></u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2017</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2018</u>
Serial Bonds Payable	\$ 51,387,000		\$ 3,625,000	\$ 47,762,000
Unamortized Bond Issuance Premium	2,563,226		255,718	2,307,508
Capital Leases Payable	6,306,892	\$ 58,500	1,028,870	5,336,522
Compensated Absences Payable	1,786,872	137,910	119,147	1,805,635
Net Pension Liability	<u>34,187,025</u>		<u>7,952,571</u>	<u>26,234,454</u>
	<u><u>\$ 96,231,015</u></u>	<u><u>\$ 196,410</u></u>	<u><u>\$ 12,981,306</u></u>	<u><u>\$ 83,446,119</u></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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2018 as follows:

<u>Purpose</u>	<u>Serial Bonds</u> Final Maturity Date	<u>Interest</u> Rate	<u>Amount</u>
School Bonds	07/15/19	5.35%	\$ 2,299,000
Refunding Bonds	01/15/22	3.70%	3,255,000
Refunding Bonds	09/15/23	3.00%-4.00%	4,505,000
Refunding Bonds	07/15/27	4.00%-5.00%	12,110,000
School Bonds	08/01/41	3.50%-4.00%	25,593,000
			\$ 47,762,000

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2023	3,040,000	1,241,070	4,281,070
Thereafter 5 Years (2024-2028)	13,150,000	4,420,625	17,570,625
Thereafter 5 Years (2029-2033)	6,000,000	2,531,100	8,531,100
Thereafter 5 Years (2034-2038)	6,000,000	1,477,350	7,477,350
Thereafter 5 Years (2039-2042)	4,743,000	374,520	5,117,520
	\$ 47,762,000	\$ 16,459,250	\$ 64,221,250

B. Bonds Authorized But Not Issued:

As of June 30, 2018, 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 \$2,051,790.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

D. Capital Leases Payable:

The District is leasing laptops, computers and other related technology equipment and a school bus under capital leases valued at \$3,039,846, of which \$1,523,271 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, 2018, \$663,053 has matured and been repaid.

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

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2018.

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 931,926
2020	842,558
2021	768,580
2022	322,698
2023	310,033
Thereafter 5 Years (2024-2028)	1,659,634
Thereafter 5 Years (2029-2032)	1,181,747
	<u>6,017,176</u>
Less: Amount Representing Interest	<u>(680,654)</u>
Present Value Net of Minimum Lease Payments	<u>\$ 5,336,522</u>

The current portion of capital leases payable at June 30, 2018 is \$839,992 and the long-term portion is \$4,496,530. 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, 2018 is \$1,805,635, 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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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, 2018 is \$-0- and the long-term portion is \$26,234,454. See Note 8 for further information on the PERS.

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. 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.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

Benefits Provided

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

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

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 member 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.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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 \$1,070,057 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

P.L. 2009, C.29, provided regular school districts the option of deferring 50% of the District's 2008/2009 regular PERS pension liability. Districts that elected to defer the pension liability began repaying the deferred amount over fifteen years starting in April 2009. The District elected to defer \$236,907 of their \$532,710 regular pension liability for the year ended June 30, 2009 and started repaying this during the 2011/2012 budget year. The District paid \$37,230 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, 2018, the District reported a liability of \$26,234,454 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.113%, which was a decrease of 0.002% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$2,188,221. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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)

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 297,601	
	2015	5.72	1,253,580	
	2016	5.57	3,734,157	
	2017	5.48		\$ 5,265,961
				<u>5,285,338</u>
Changes in Proportion	2014	6.44	297,328	
	2015	5.72	17,210	
	2016	5.57	939,575	
	2017	5.48		\$ 443,205
				<u>1,254,113</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(314,365)	
	2015	5.00	268,172	
	2016	5.00	1,124,408	
	2017	5.00	(899,576)	
				<u>178,639</u>
Difference Between Expected and Actual Experience	2015	5.72	347,801	
	2016	5.57	113,321	
	2017	5.48	156,609	
				<u>617,731</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	1,240,580	
			<u>\$ 8,576,401</u>	<u>\$ 5,709,166</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2018	\$ 617,585
2019	931,950
2020	564,714
2021	(751,071)
2022	(547,431)
	<u>\$ 815,747</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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, 2016 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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. 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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, 2018  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (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, 2017 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, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 32,545,620	\$ 26,234,454	\$ 20,976,470

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.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.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.

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

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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 2018, 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 2018, the State of New Jersey contributed \$6,078,890 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$19,269,238.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$278,155,976. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.413%, which was an increase of 0.001% from its proportion measured as of June 30, 2016.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>278,155,976</u>
Total		<u><u>\$ 278,155,976</u></u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$19,269,238 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 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	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
				<u>13,378,255,364</u>
Difference Between Expected and Actual Experience	2014	8.5		\$ 13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
				<u>441,116,389</u>
Net Difference Between Projected and Actual Actual Investment Earnings on Pension Plan Investments	2014	5.0	(435,309,142)	
	2015	5.0	385,284,122	
	2016	5.0	1,295,565,574	
	2017	5.0	(904,033,050)	
				<u>341,507,504</u>
			<u><u>\$ 14,160,879,257</u></u>	<u><u>\$ 11,800,239,661</u></u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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, 2018  
(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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, 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, 2018  
(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, 2017 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, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Total Net Pension Liability	\$ 330,458,025	\$ 278,155,976	\$ 235,069,321

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 \$25,132 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$37,981 for the fiscal year ended June 30, 2018.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. 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 and is a member of the Pooled Insurance Program of New Jersey (the "Fund") for workers' compensation insurance. 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, 2018 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, 2017 is as follows:

Total Assets	<u>\$ 20,980,925</u>
Net Position	<u>\$ 9,526,025</u>
Total Revenue	<u>\$ 7,636,277</u>
Total Expenses	<u>\$ 5,833,421</u>
Change in Net Position	<u>\$ 1,802,856</u>
Members Dividends	<u>\$ -0-</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, 2018  
(Continued)

NOTE 9. 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>
2017-2018	\$ -0-	\$ -0-	\$ 78,898	\$ 41,995	\$ 479,677
2016-2017	-0-	-0-	76,231	46,856	442,774
2015-2016	-0-	-0-	73,731	47,686	413,399

NOTE 10. 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 11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 402,082
Capital Projects Fund	\$ 402,082	232,003
Debt Service Fund	232,003	
	<u>\$ 634,085</u>	<u>\$ 634,085</u>

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

During the fiscal year, the District transferred \$192,716 of interest earned in the Capital Projects Fund to the Debt Service Fund.

NOTE 12. 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, 2018  
(Continued)

NOTE 12. 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 13. 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 September 24. 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 14. 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, 2018, 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
\$ 1,000,990	\$ 42,401	\$ 9,182,799	\$ 10,226,190

On the District's Governmental Funds Balance Sheet as of June 30, 2018, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$42,401 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. The \$9,182,799 year-end encumbrances in the Capital Projects Fund are included in the \$12,652,737 restricted fund balance.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 15. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2018 consisted of the following:

	<u>Governmental Funds</u>			District	<u>Total</u>	Business-
	<u>General</u>	<u>Special</u>	<u>Capital</u>	Contribution		Governmental
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	Subsequent to	<u>Activities</u>	<u>Proprietary</u>
		<u>Fund</u>	<u>Fund</u>	the Measure-		<u>Funds</u>
				ment Date		
State of New Jersey		\$ 52,433		\$ 1,240,580	\$ 1,293,013	
Salaries	\$ 1,562,196	7,448			1,569,644	
Vendors	377,315	110,994	\$ 208,059		696,368	\$ 60,577
	<u>\$ 1,939,511</u>	<u>\$ 170,875</u>	<u>\$ 208,059</u>	<u>\$ 1,240,580</u>	<u>\$ 3,559,025</u>	<u>\$ 60,577</u>

NOTE 16. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District transferred \$198,074 to the capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 17. 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	<u>\$ 700,000</u>
Ending Balance, June 30, 2018	<u>\$ 700,000</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 18. 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, 2017	\$ 260,000
Add: Transfer from Unassigned Fund Balance as of Board Resolution - June 19, 2018	<u>745,359</u>
Ending Balance, June 30, 2018	<u><u>\$ 1,005,359</u></u>

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

A. Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

General Information about the OPEB Plan (Cont'd)

A. Plan Description and Benefits Provided (Cont'd)

Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

B. Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	<u>223,747</u>
Total	<u><u>366,078</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.



MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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, 2017			
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 176,766,117	\$ 148,909,329	\$ 126,813,060
June 30, 2016			
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 191,693,281	\$ 160,008,251	\$ 135,068,071

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 122,463,528	\$ 148,909,329	\$ 184,029,042

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 131,291,225	\$ 160,008,251	\$ 198,400,178

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$9,827,567 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017, the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

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

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

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 FOUR 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%
			48.10%

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 FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 887,178	\$ 926,833	\$ 1,032,163	\$ 1,070,057
Contributions in relation to the Contractually Required Contribution	(887,178)	(926,833)	(1,032,163)	(1,070,057)
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 7,486,196	\$ 7,249,288	\$ 7,677,902	\$ 7,774,941
Contributions as a Percentage of Covered Employee Payroll	11.85%	12.79%	13.44%	13.76%

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 FOUR 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%
			25.41%

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 FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Ending June 30,		
	2015	2016	2017
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%
			14.49%

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 CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Years Ending June 30,</u>	
	<u>2016</u>	<u>2017</u>
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

\* Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

**BUDGETARY COMPARISON SCHEDULES**

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 81,901,838		\$ 81,901,838	\$ 81,901,838	
Tuition From Other LEAs	100,000		100,000	18,149	\$ (81,851)
Tuition From Individuals	105,000		105,000	92,960	(12,040)
Transportation Fees From Individuals	600,000		600,000	668,194	68,194
Interest Earned on Capital Reserve Funds	100		100	16,334	16,234
Unrestricted Miscellaneous Revenue	242,999		242,999	273,203	30,204
<b>Total - Local Sources</b>	<b>82,949,937</b>		<b>82,949,937</b>	<b>82,970,678</b>	<b>20,741</b>
State Sources:					
Transportation Aid	151,719		151,719	151,719	
Special Education Aid	1,900,480		1,900,480	1,900,480	
Security Aid	87,549		87,549	87,549	
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	
Extraordinary Special Education Costs Aid	500,000		500,000	580,198	80,198
Excess Nonpublic School Transportation Costs				82,606	82,606
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				4,021,506	4,021,506
On-Behalf TPAF Pension Contributions (Non-Budgeted)				6,078,890	6,078,890
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				147,520	147,520
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				6,681	6,681
TPAF Social Security (Reimbursed - Non-Budgeted)				2,986,035	2,986,035
<b>Total State Sources</b>	<b>2,787,588</b>		<b>2,787,588</b>	<b>16,191,024</b>	<b>13,403,436</b>
<b>Total Revenues</b>	<b>85,737,525</b>		<b>85,737,525</b>	<b>99,161,702</b>	<b>13,424,177</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 197,715	\$ 945	\$ 198,660	\$ 194,424	\$ 4,236
Kindergarten - Salaries of Teachers	1,589,485	78,537	1,668,022	1,668,021	1
Grades 1-5 - Salaries of Teachers	10,097,976	317,163	10,415,139	10,384,834	30,305
Grades 6-8 - Salaries of Teachers	6,731,657	(81,701)	6,649,956	6,623,116	26,840
Grades 9-12 - Salaries of Teachers	9,700,360	(4,174)	9,696,186	9,690,481	5,705
Regular Programs - Home Instruction:					
Salaries of Teachers	33,000		33,000	19,938	13,062
Purchased Professional-Educational Services	5,000	19,000	24,000	24,000	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	189,777	(79,835)	109,942	104,479	5,463
Purchased Professional-Educational Services	140,025	(102,565)	37,460	36,299	1,161
Purchased Technical Services	728,148	(57,901)	670,247	648,534	21,713
Other Purchased Services (400-500 series)	731,791	349,545	1,081,336	824,324	257,012
General Supplies	891,974	207,273	1,099,247	870,362	228,885
Textbooks	193,978	(82,362)	111,616	107,980	3,636
<b>Total Regular Programs - Instruction</b>	<b>31,230,886</b>	<b>563,925</b>	<b>31,794,811</b>	<b>31,196,792</b>	<b>598,019</b>
Special Education - Instruction:					
Cognitive - Moderate:	2,550		2,550		2,550
Purchased Professional-Educational Services	2,550		2,550		2,550
<b>Total Cognitive - Moderate</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	245,707	(67,310)	178,397	175,079	3,318
General Supplies	8,000		8,000	5,747	2,253
Textbooks	1,000		1,000	1,000	
<b>Total Learning and/or Language Disabilities</b>	<b>254,707</b>	<b>(67,310)</b>	<b>187,397</b>	<b>181,826</b>	<b>5,571</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Special Education - Instruction: (Cont'd)					
Auditory Impairments:					
Salaries of Teachers	\$ 86,241	423	\$ 86,664	\$ 86,664	
General Supplies	500		500	98	\$ 402
Total Auditory Impairments	<u>86,741</u>	<u>423</u>	<u>87,164</u>	<u>86,762</u>	<u>402</u>
Multiple Disabilities:					
Salaries of Teachers	223,760	\$ 8,980	232,740	232,096	644
Other Salaries for Instruction	93,391	434	93,825	88,984	4,841
General Supplies	200		200	159	41
Textbooks	300		300	93	207
Total Multiple Disabilities	<u>317,651</u>	<u>9,414</u>	<u>327,065</u>	<u>321,332</u>	<u>5,733</u>
Resource Room/Resource Center:					
Salaries of Teachers	4,443,329	138,782	4,582,111	4,570,486	11,625
General Supplies	20,000		20,000	19,562	438
Textbooks	21,645		21,645	10,943	10,702
Total Resource Room/Resource Center	<u>4,484,974</u>	<u>138,782</u>	<u>4,623,756</u>	<u>4,600,991</u>	<u>22,765</u>
Autism:					
Salaries of Teachers	200,272	511	200,783	199,680	1,103
Other Salaries for Instruction	59,819	(28,509)	31,310	31,309	1
General Supplies	3,000		3,000	2,867	133
Total Autism	<u>263,091</u>	<u>(27,998)</u>	<u>235,093</u>	<u>233,856</u>	<u>1,237</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	42,000	5,146	47,146	47,146	
Other Salaries for Instruction	50,000	2,023	52,023	52,023	
General Supplies	3,000	1	3,001	2,668	333
Total Preschool Disabilities - Part-Time	<u>95,000</u>	<u>7,170</u>	<u>102,170</u>	<u>101,837</u>	<u>333</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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	\$ 65,217	\$ (8,144)	\$ 57,073	\$ 55,019	\$ 2,054
Other Salaries for Instruction	60,291	(1,971)	58,320	57,660	660
General Supplies	500		500		500
Total Preschool Disabilities - Full-Time	126,008	(10,115)	115,893	112,679	3,214
Home Instruction:					
Salaries of Teachers	55,000		55,000	15,631	39,369
Purchased Professional-Educational Services	35,000	(8,500)	26,500	25,991	509
Total Home Instruction	90,000	(8,500)	81,500	41,622	39,878
Total Special Education - Instruction	5,720,722	41,866	5,762,588	5,680,905	81,683
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,076,825	23,300	1,100,125	1,098,476	1,649
General Supplies	4,000		4,000	4,000	
Textbooks		8,664	8,664	8,664	
Total Basic Skills/Remedial - Instruction	1,080,825	31,964	1,112,789	1,111,140	1,649
Bilingual Education - Instruction:					
Salaries of Teachers	337,946	3,658	341,604	341,604	
General Supplies	2,000		2,000	1,568	432
Total Bilingual Education - Instruction	339,946	3,658	343,604	343,172	432

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
School Sponsored Cocurricular Activities:					
Salaries	\$ 345,373	\$ 11,702	\$ 357,075	\$ 352,574	\$ 4,501
Other Objects	91,000		91,000	90,243	757
Total School-Sponsored Cocurricular Activities	436,373	11,702	448,075	442,817	5,258
School-Sponsored Athletics:					
Salaries	775,844	631	776,475	766,701	9,774
Unused Vacation Payment to Terminated / Retired Staff		4,493	4,493	4,493	
Purchased Services (300-500 series)	131,080	3,000	134,080	121,686	12,394
Supplies and Materials	87,961	(14,434)	73,527	72,207	1,320
Other Objects	17,575	(5,971)	11,604	10,149	1,455
Total School-Sponsored Athletics	1,012,460	(12,281)	1,000,179	975,236	24,943
Community Services Programs:					
Salaries	35,000		35,000	31,098	3,902
Total Community Services Programs	35,000		35,000	31,098	3,902
Total Instruction	39,856,212	640,834	40,497,046	39,781,160	715,886
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	365,587	(238,300)	127,287	127,286	1
Tuition to County Vocational School - Special	46,200		46,200	22,552	23,648
Tuition to Private Schools for the Handicapped Within State	1,972,272	(130,001)	1,842,271	1,789,108	53,163
Tuition to Private Schools for the Handicapped Outside State	560,925	86,700	647,625	599,645	47,980
Total Undistributed Expenditures - Instruction	2,944,984	(281,601)	2,663,383	2,538,591	124,792



MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 712,651	\$ (45,706)	\$ 666,945	\$ 662,031	\$ 4,914
Purchased Professional and Technical Services	35,298	(4,647)	30,651	22,743	7,908
Other Purchased Services (400-500 series)	100		100		100
Supplies and Materials	25,962		25,962	18,690	7,272
Other Objects	1,700	141	1,841	776	1,065
Total Health Services	<u>775,711</u>	<u>(50,212)</u>	<u>725,499</u>	<u>704,240</u>	<u>21,259</u>
Speech, OT, PT & Related Services:					
Salaries	1,388,787	(87,789)	1,300,998	1,300,996	2
Purchased Professional - Educational Services	197,840	6,868	204,708	179,020	25,688
Supplies and Materials	8,800		8,800	4,876	3,924
Total Speech, OT, PT & Related Services	<u>1,595,427</u>	<u>(80,921)</u>	<u>1,514,506</u>	<u>1,484,892</u>	<u>29,614</u>
Other Support Services - Extraordinary Services:					
Salaries	2,298,978	75,883	2,374,861	2,342,278	32,583
Supplies and Materials	800		800	296	504
Total Other Support Services - Extraordinary Services	<u>2,299,778</u>	<u>75,883</u>	<u>2,375,661</u>	<u>2,342,574</u>	<u>33,087</u>
Guidance:					
Salaries of Other Professional Staff	1,176,751	(89,941)	1,086,810	1,084,433	2,377
Salaries of Secretarial and Clerical Assistants	190,982	100	191,082	190,932	150
Other Salaries	64,227	316	64,543	64,542	1
Other Purchased Services (400-500 series)	2,500		2,500	771	1,729
Total Guidance	<u>1,434,460</u>	<u>(89,525)</u>	<u>1,344,935</u>	<u>1,340,678</u>	<u>4,257</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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	\$ 2,566,109	\$ (130,809)	\$ 2,435,300	\$ 2,426,106	\$ 9,194
Salaries of Secretarial and Clerical Assistants	279,714	(6,712)	273,002	273,001	1
Other Purchased Professional and Technical Services	90,000	(5,368)	84,632	69,229	15,403
Miscellaneous Purchased Services (400-500 series)	2,700	582	3,282	3,220	62
Supplies and Materials	50,805	(8,000)	42,805	38,652	4,153
Other Objects	3,884	750	4,634	4,211	423
Total Child Study Team	<u>2,993,212</u>	<u>(149,557)</u>	<u>2,843,655</u>	<u>2,814,419</u>	<u>29,236</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	888,282	(215,372)	672,910	672,909	1
Salaries of Other Professional Staff	406,753	171,172	577,925	571,226	6,699
Salaries of Secretarial and Clerical Assistants	70,218	470	70,688	70,687	1
Other Purchased Services (400-500 series)	3,000		3,000	998	2,002
Supplies and Materials	33,000	(4,000)	29,000	24,705	4,295
Other Objects	13,000	3,154	16,154	14,228	1,926
Total Improvement of Instructional Services	<u>1,414,253</u>	<u>(44,576)</u>	<u>1,369,677</u>	<u>1,354,753</u>	<u>14,924</u>
Educational Media Services/School Library:					
Salaries	526,714	27,418	554,132	548,412	5,720
Supplies and Materials	165,001	(7,033)	157,968	146,566	11,402
Total Educational Media Services/School Library	<u>691,715</u>	<u>20,385</u>	<u>712,100</u>	<u>694,978</u>	<u>17,122</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	30,000	(16,552)	13,448	13,448	
Other Salaries	38,000	4,795	42,795	42,794	1
Purchased Professional - Educational Services	46,590	4,941	51,531	39,835	11,696
Other Purchased Services (400-500 series)	2,500	(582)	1,918	1,057	861
Supplies and Materials	3,000		3,000	2,812	188

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Instructional Staff Training Services: (Cont'd)					
Other Objects	\$ 31,950	\$ (3,929)	\$ 28,021	\$ 21,686	\$ 6,335
Total Instructional Staff Training Services	152,040	(11,327)	140,713	121,632	19,081
General Administration:					
Salaries	364,506	1,763	366,269	366,268	1
Legal Services	367,408		367,408	232,353	135,055
Audit Fees	52,500		52,500	52,500	
Architectural/Engineering Services	30,000	(6,106)	23,894	11,000	12,894
Other Purchased Professional Services	48,877	99,000	147,877	90,275	57,602
Communications/Telephone	109,205	11,205	120,410	111,744	8,666
BOE Other Purchased Services	2,500	(14)	2,486	1,851	635
Miscellaneous Purchased Services (400-500 series)	58,812	(2,286)	56,526	54,406	2,120
General Supplies	5,000		5,000	753	4,247
BOE In-House Training/Meeting Supplies	800		800	253	547
Miscellaneous Expenditures	24,000		24,000	10,993	13,007
BOE Membership Dues and Fees	30,000		30,000	29,163	837
Total General Administration	1,093,608	103,562	1,197,170	961,559	235,611
School Administration:					
Salaries of Principals/Assistant Principals	1,924,523	(68,047)	1,856,476	1,856,475	1
Salaries of Other Professional Staff	479,837	2,353	482,190	482,189	1
Salaries of Secretarial and Clerical Assistants	807,364	48,875	856,239	846,550	9,689
Other Salaries	3,500		3,500	2,936	564
Supplies and Materials	148,979	(25,717)	123,262	117,226	6,036
Other Objects	31,015	4,040	35,055	27,196	7,859
Total School Administration	3,395,218	(38,496)	3,356,722	3,332,572	24,150

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Central Services:					
Salaries	\$ 867,869	\$ (19,410)	\$ 848,459	\$ 848,381	\$ 78
Unused Vacation Payment to Terminated / Retired Staff		13,014	13,014	13,014	
Purchased Professional Services	72,000		72,000	48,000	24,000
Purchased Technical Services	64,765		64,765	47,092	17,673
Miscellaneous Purchased Services (400-500 series)	1,800		1,800	475	1,325
Supplies and Materials	32,500	(100)	32,400	10,807	21,593
Interest on Grant Anticipation Notes	4,846		4,846	4,846	
Miscellaneous Expenditures	107,950	41,350	149,300	98,858	50,442
Total Central Services	<u>1,151,730</u>	<u>34,854</u>	<u>1,186,584</u>	<u>1,071,473</u>	<u>115,111</u>
Administrative Information Technology:					
Salaries	746,285	6,585	752,870	752,869	1
Unused Vacation Payment to Terminated / Retired Staff		9,821	9,821	9,821	
Purchased Professional Services	13,925		13,925	6,000	7,925
Purchased Technical Services	20,842		20,842	20,809	33
Other Purchased Services (400-500 series)	3,500	4,004	7,504	6,713	791
Supplies and Materials	17,500		17,500	5,797	11,703
Other Objects	1,500	21	1,521	1,520	1
Total Administrative Information Technology	<u>803,552</u>	<u>20,431</u>	<u>823,983</u>	<u>803,529</u>	<u>20,454</u>
Required Maintenance for School Facilities:					
Salaries	390,156	(5,755)	384,401	383,827	574
Unused Vacation Payment to Terminated / Retired Staff		13,741	13,741	13,741	
Cleaning, Repair and Maintenance Services	738,082	(20,852)	717,230	609,249	107,981
Lead Testing of Drinking Water		16,967	16,967	16,916	51
General Supplies	220,000	(22,356)	197,644	197,636	8
Other Objects	52,500	(13,098)	39,402	17,625	21,777
Total Required Maintenance for School Facilities	<u>1,400,738</u>	<u>(31,353)</u>	<u>1,369,385</u>	<u>1,238,994</u>	<u>130,391</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Custodial Services:					
Salaries	\$ 2,353,595	\$ 23,294	\$ 2,376,889	\$ 2,376,887	\$ 2
Salaries of Non-Instructional Aides	477,826	(1,718)	476,108	476,082	26
Unused Vacation Payment to Terminated / Retired Staff		7,518	7,518	7,518	
Purchased Professional and Technical Services	47,875	7,971	55,846	47,405	8,441
Cleaning, Repair and Maintenance Services	437,821	(36,783)	401,038	341,092	59,946
Lease Purchase Payments- Energy Savings Program	465,762		465,762	465,762	
Other Purchased Property Services	120,000	(27,317)	92,683	87,682	5,001
Insurance	530,000	(8,772)	521,228	425,563	95,665
Miscellaneous Purchased Services	5,500	12,711	18,211	14,810	3,401
General Supplies	175,000	(25,360)	149,640	149,639	1
Energy (Natural Gas)	332,500	(62,953)	269,547	219,547	50,000
Energy (Electricity)	686,987	(15,202)	671,785	575,114	96,671
Other Objects	900		900	893	7
Total Custodial Services	5,633,766	(126,611)	5,507,155	5,187,994	319,161
Care & Upkeep of Grounds:					
Salaries	192,033	697	192,730	180,427	12,303
Cleaning, Repair and Maintenance Services	33,000	49,117	82,117	76,400	5,717
General Supplies	20,000	2,406	22,406	20,681	1,725
Total Care & Upkeep of Grounds	245,033	52,220	297,253	277,508	19,745
Security:					
Salaries	213,057	10,018	223,075	218,519	4,556
Purchased Professional and Technical Services	10,500		10,500	10,500	
Cleaning, Repair and Maintenance Services	20,000	(8,655)	11,345	10,952	393
General Supplies	14,051	(4,188)	9,863	9,863	
Total Security	257,608	(2,825)	254,783	249,834	4,949

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	\$ 135,621	\$ 5,643	\$ 141,264	\$ 134,869	\$ 6,395
Between Home and School - Regular	255,231	(56,383)	198,848	197,662	1,186
Between Home and School - Special Education	231,825	19,484	251,309	248,802	2,507
Other than Between Home and School	70,500	(5,000)	65,500	60,020	5,480
Other Purchased Professional and Technical Services		8,772	8,772	8,772	
Cleaning, Repair and Maintenance Services	58,000	25,297	83,297	83,296	1
Lease Payments - Buses	19,288	12,400	31,688	31,688	
Aid in Lieu of Payments for Nonpublic School Students	226,520		226,520	218,944	7,576
Contracted Services:					
Between Home and School -Vendors	36,382	(2,784)	33,598	31,948	1,650
Other than Between Home and School -Vendors	105,400	5,798	111,198	88,709	22,489
Special Education Students - Vendors	9,180		9,180	9,000	180
Regular Education Students - ESCs & CTSA's	1,570,000	65,098	1,635,098	1,612,574	22,524
Special Education Students - ESCs & CTSA's	825,000	(243,854)	581,146	581,146	
Miscellaneous Purchased Services - Transportation	26,000	(1,000)	25,000	20,217	4,783
General Supplies	30,000		30,000	23,167	6,833
Transportation Supplies	2,000		2,000		2,000
Other Objects	1,950		1,950	900	1,050
<b>Total Student Transportation Services</b>	<b>3,602,897</b>	<b>(166,529)</b>	<b>3,436,368</b>	<b>3,351,714</b>	<b>84,654</b>
Unallocated Benefits:					
Social Security Contributions	1,100,000		1,100,000	1,074,370	25,630
Other Retirement Contributions - PERS	1,150,000	(62,461)	1,087,539	1,070,057	17,482
Other Retirement Contributions - Deferred PERS Pymt	38,500		38,500	37,230	1,270
Other Retirement Contributions - Regular	41,000		41,000	25,132	15,868
Workmen's Compensation	403,428		403,428	320,902	82,526

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures: (Cont'd)					
Unallocated Benefits: (Cont'd)					
Health Benefits	\$ 12,799,470	\$ (74,017)	\$ 12,725,453	\$ 11,083,025	\$ 1,642,428
Tuition Reimbursement	139,700		139,700	50,725	88,975
Other Employee Benefits	545,360	63,768	609,128	608,753	375
Unused Sick Payment to Terminated / Retired Staff	125,000		125,000	119,147	5,853
Total Unallocated Benefits	<u>16,342,458</u>	<u>(72,710)</u>	<u>16,269,748</u>	<u>14,389,341</u>	<u>1,880,407</u>
On-Behalf Contributions (Non-budgeted):					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				4,021,506	(4,021,506)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				6,078,890	(6,078,890)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				147,520	(147,520)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				6,681	(6,681)
TPAF Social Security (Reimbursed - Non-Budgeted)				2,986,035	(2,986,035)
Total On-Behalf Contributions (Non-Budgeted)				<u>13,240,632</u>	<u>(13,240,632)</u>
Total Employee Benefits	16,342,458	(72,710)	16,269,748	27,629,973	(11,360,225)
Total Undistributed Expenditures	48,228,188	(838,908)	47,389,280	57,501,907	(10,112,627)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>88,084,400</u>	<u>(198,074)</u>	<u>87,886,326</u>	<u>97,283,067</u>	<u>(9,396,741)</u>
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	59,612	(35,493)	24,119	10,259	13,860
School-Sponsored/Athletics	20,018	22,390	42,408	33,008	9,400

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY: (Cont'd)</b>					
Equipment: (Cont'd)					
Undistributed Expenditures:					
Instruction	\$ 196,711	\$ 90,790	\$ 287,501	\$ 269,724	\$ 17,777
Support Services - Child Study Teams	6,058		6,058	6,058	
General Administration	122,884		122,884	122,884	
Custodial Services	25,000	17,266	42,266	42,266	
Security		50,145	50,145		50,145
School Buses - Special		52,976	52,976		52,976
Total Equipment	<u>430,283</u>	<u>198,074</u>	<u>628,357</u>	<u>484,199</u>	<u>144,158</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	32,900		32,900	10,225	22,675
Construction Services	150,000		150,000	95,900	54,100
Assessment for Debt Service on SDA Funding	76,212		76,212	76,212	
Total Facilities Acquisition and Construction Services	<u>259,112</u>		<u>259,112</u>	<u>182,337</u>	<u>76,775</u>
Assets Acquired Under Capital Leases (Non-Budgeted):					
Transportation - School Bus				58,500	(58,500)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				<u>58,500</u>	<u>(58,500)</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>689,395</u>	<u>198,074</u>	<u>887,469</u>	<u>725,036</u>	<u>162,433</u>
Transfer of Funds to Charter Schools	63,178		63,178		63,178
<b>TOTAL EXPENDITURES</b>	<u>88,836,973</u>		<u>88,836,973</u>	<u>98,008,103</u>	<u>(9,171,130)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(3,099,448)</u>		<u>(3,099,448)</u>	<u>1,153,599</u>	<u>4,253,047</u>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u></u>	<u>Final to Actual</u>
Other Financing Sources:					
Capital Leases (Non-budgeted)				\$ 58,500	\$ 58,500
Total Other Financing Sources				<u>58,500</u>	<u>58,500</u>
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures	\$ (3,099,448)		\$ (3,099,448)	1,212,099	4,311,547
Fund Balance, July 1	9,303,628		9,303,628	9,303,628	
Fund Balance, June 30	<u>\$ 6,204,180</u>	<u>\$ -0-</u>	<u>\$ 6,204,180</u>	<u>\$ 10,515,727</u>	<u>\$ 4,311,547</u>
Recapitulation:					
Restricted Fund Balance:				\$ 2,268,395	
Capital Reserve				700,000	
Emergency Reserve				1,005,359	
Maintenance Reserve				1,842,000	
Excess Surplus - Restricted For 2019-2020				1,842,000	
Excess Surplus - Restricted For 2018-2019				1,842,000	
Assigned Fund Balance:					
Year End Encumbrances				1,000,990	
Unassigned Fund Balance				<u>1,856,983</u>	
				10,515,727	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(210,186)</u>	
Fund Balance per Governmental Funds (GAAP)					<u>\$ 10,305,541</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources		\$ 573,923	\$ 573,923	\$ 546,307	\$ (27,616)
State Sources	\$ 299,146	44,659	343,805	294,499	(49,306)
Federal Sources	1,109,505	349,354	1,458,859	1,375,183	(83,676)
<b>Total Revenues</b>	<b>1,408,651</b>	<b>967,936</b>	<b>2,376,587</b>	<b>2,215,989</b>	<b>(160,598)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers		227,521	227,521	195,952	31,569
Purchased Professional and Technical Services		1,500	1,500	1,500	
Purchased Professional - Educational Services	60,318	597	60,915	53,717	7,198
Tuition	789,412	45,696	835,108	835,108	
General Supplies		147,333	147,333	131,798	15,535
Textbooks	31,241	(1,441)	29,800	29,248	552
Other Objects	9,169	136,285	145,454	119,470	25,984
<b>Total Instruction</b>	<b>890,140</b>	<b>557,491</b>	<b>1,447,631</b>	<b>1,366,793</b>	<b>80,838</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff		59,595	59,595	59,387	208
Personal Services - Employee Benefits		73,318	73,318	59,233	14,085
Purchased Professional and Technical Services		96,718	96,718	86,892	9,826
Purchased Professional-Educational Services	166,395	29,441	195,836	161,493	34,343
Other Purchased Services	35,947	(15,370)	20,577	18,948	1,629
Supplies and Materials	27,100	27,593	54,693	35,024	19,669
Other Objects	289,069	(289,069)			
<b>Total Support Services</b>	<b>518,511</b>	<b>(17,774)</b>	<b>500,737</b>	<b>420,977</b>	<b>79,760</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Facilities Acquisition and Construction Services:					
Site Improvements		\$ 363,075	\$ 363,075	\$ 363,075	
Non-Instructional Equipment		65,144	65,144	65,144	
Total Facilities Acquisition and Construction Services		428,219	428,219	428,219	
Total Expenditures	\$ 1,408,651	\$ 967,936	\$ 2,376,587	\$ 2,215,989	\$ 160,598

MILLBURN TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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	\$ 99,161,702	\$ 2,215,989
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		(42,401)
Prior Year Encumbrances		48,675
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	189,716	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(210,186)	
	<u>\$ 99,141,232</u>	<u>\$ 2,222,263</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	\$ 98,008,103	\$ 2,215,989
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		(42,401)
Prior Year Encumbrances		48,675
	<u>\$ 98,008,103</u>	<u>\$ 2,222,263</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, 2018 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, 2018  
(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, 2018

	I.D.E.A.					
	Basic	Preschool	Nursing	Textbooks	Nonpublic Technology Initiative	Security Aid
<b>REVENUES:</b>						
Local Sources						
State Sources						
Federal Sources						
Total Revenues	\$ 926,770	\$ 32,521	\$ 52,768	\$ 29,248	\$ 19,408	\$ 30,633
	<u>926,770</u>	<u>32,521</u>	<u>52,768</u>	<u>29,248</u>	<u>19,408</u>	<u>30,633</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	835,108					
Purchased Professional and Technical Services	46,483	10,993		29,248	19,408	
Purchased Professional - Educational Services						
Tuition						
General Supplies						
Textbooks						
Other Objects						
Total Instruction	<u>881,591</u>	<u>10,993</u>		<u>29,248</u>	<u>19,408</u>	
Support Services:						
Salaries of Other Professional Staff	4,000	16,282				
Personal Services - Employee Benefits	306	1,246				
Purchased Professional and Technical Services	40,873		52,768			
Purchased Professional - Educational Services						
Other Purchased Services		4,000				
Supplies and Materials						30,633
Total Support Services	<u>45,179</u>	<u>21,528</u>	<u>52,768</u>			<u>30,633</u>
Facilities Acquisition and Construction Services:						
Site Improvements						
Non-Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	<u>\$ 926,770</u>	<u>\$ 32,521</u>	<u>\$ 52,768</u>	<u>\$ 29,248</u>	<u>\$ 19,408</u>	<u>\$ 30,633</u>



MILLBURN TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		<u>Nonpublic</u>	<u>Auxiliary Services</u>	<u>Nonpublic Handicapped Services</u>		
		<u>Compensatory</u>	<u>Education</u>	<u>Supplementary</u>	<u>Examination</u>	<u>Corrective</u>
	<u>Private</u>			<u>Instruction</u>	<u>and</u>	<u>Speech</u>
	<u>Donations</u>			<u>Classification</u>		
<b>REVENUES:</b>						
Local Sources	\$ 546,307					
State Sources		\$ 30,561		\$ 23,156	\$ 61,675	\$ 47,050
Federal Sources						
Total Revenues	<u>546,307</u>	<u>30,561</u>		<u>23,156</u>	<u>61,675</u>	<u>47,050</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Purchased Professional - Educational Services		30,561		23,156		
Tuition						
General Supplies						
Textbooks	118,088					
Other Objects	<u>118,088</u>					
Total Instruction		<u>30,561</u>		<u>23,156</u>		
Support Services:						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Purchased Professional - Educational Services					61,675	47,050
Other Purchased Services						
Supplies and Materials						
Total Support Services					<u>61,675</u>	<u>47,050</u>
Facilities Acquisition and Construction Services:						
Site Improvements	363,075					
Non-Instructional Equipment	<u>65,144</u>					
Total Facilities Acquisition and Construction Services	<u>428,219</u>					
Total Expenditures	<u>\$ 546,307</u>	<u>\$ 30,561</u>		<u>\$ 23,156</u>	<u>\$ 61,675</u>	<u>\$ 47,050</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, 2018

	Elementary and Secondary Education Act					Totals
	Title I	Title IIA	Title III	Title III Immigrant	Title IV	
<b>REVENUES:</b>						
Local Sources						\$ 546,307
State Sources						294,499
Federal Sources	\$ 292,350	\$ 87,187	\$ 19,909	\$ 7,910	\$ 8,536	1,375,183
Total Revenues	<u>292,350</u>	<u>87,187</u>	<u>19,909</u>	<u>7,910</u>	<u>8,536</u>	<u>2,215,989</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	187,827		7,605	520		195,952
Purchased Professional and Technical Services			1,500			1,500
Purchased Professional - Educational Services						53,717
Tuition						835,108
General Supplies	37,875		6,156	6,176	4,707	131,798
Textbooks						29,248
Other Objects			1,382			119,470
Total Instruction	<u>225,702</u>		<u>16,643</u>	<u>6,696</u>	<u>4,707</u>	<u>1,366,793</u>
Support Services:						
Salaries of Other Professional Staff	5,000	33,150	955			59,387
Personal Services - Employee Benefits	46,545	10,442	655	39		59,233
Purchased Professional and Technical Services	10,000	32,190			3,829	86,892
Purchased Professional - Educational Services						161,493
Other Purchased Services	2,250	9,867	1,656	1,175		18,948
Supplies and Materials	2,853	1,538				35,024
Total Support Services	<u>66,648</u>	<u>87,187</u>	<u>3,266</u>	<u>1,214</u>	<u>3,829</u>	<u>420,977</u>
Facilities Acquisition and Construction Services:						
Site Improvements						363,075
Non-Instructional Equipment						65,144
Total Facilities Acquisition and Construction Services						428,219
Total Expenditures	<u>\$ 292,350</u>	<u>\$ 87,187</u>	<u>\$ 19,909</u>	<u>\$ 7,910</u>	<u>\$ 8,536</u>	<u>\$ 2,215,989</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, 2018

Revenue and Other Financing Sources:	
Interest on Investments	\$ 192,716
	<hr/>
Total Revenue and Other Financing Sources	192,716
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	1,156,202
Construction Services	6,326,059
Furniture and Equipment	558,790
Transfer to Debt Service Fund:	
Interest on Investments	192,716
	<hr/>
Total Expenditures and Other Financing Uses	8,233,767
	<hr/>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(8,041,051)
	<hr/>
Fund Balance - Beginning of Year	20,909,410
	<hr/>
Fund Balance - End of Year	\$ 12,868,359
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 3,469,938
Restricted - Year End Encumbrances	9,182,799
Committed Fund Balance	215,622
	<hr/>
Total Restricted Fund Balance - Budgetary/GAAP Basis	\$ 12,868,359
	<hr/> <hr/>

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, 2018

	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	259,782	\$ 1,742	261,524	261,874
Construction Services	3,847,035	158,819	4,005,854	4,221,126
Total Expenditures	4,106,817	160,561	4,267,378	4,483,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 376,183	\$ (160,561)	\$ 215,622	\$ -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	95%
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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
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	\$ 1,154,460	1,735,563	2,085,446
Construction Services	1,068,400	6,167,240	7,235,640	18,402,554
Furniture and Equipment	2,821	558,790	561,611	1,355,000
Purchase of Building	3,250,000		3,250,000	3,550,000
Total Expenditures	5,059,773	7,880,490	12,940,263	25,593,000
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 20,533,227</u>	<u>\$ (7,880,490)</u>	<u>\$ 12,652,737</u>	<u>\$ -0-</u>

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	51%
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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

PROPRIETARY FUNDS



MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018

	<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	\$ 127,306	\$ 350,222	\$ 477,528
Inventories		10,366	10,366
	<u>127,306</u>	<u>360,588</u>	<u>487,894</u>
Total Current Assets			
Non-Current Assets:			
Capital Assets		181,458	181,458
Less: Accumulated Depreciation		(106,724)	(106,724)
		<u>74,734</u>	<u>74,734</u>
Total Non-Current Assets		<u>74,734</u>	<u>74,734</u>
Total Assets	<u>127,306</u>	<u>435,322</u>	<u>562,628</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	1,752	58,825	60,577
Unearned Revenue		24,631	24,631
		<u>83,456</u>	<u>85,208</u>
Total Current Liabilities	<u>1,752</u>	<u>83,456</u>	<u>85,208</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		74,734	74,734
Unrestricted	125,554	277,132	402,686
	<u>125,554</u>	<u>351,866</u>	<u>477,420</u>
Total Net Position	<u>\$ 125,554</u>	<u>\$ 351,866</u>	<u>\$ 477,420</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, 2018

	<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		\$ 758,390	758,390
Charges for Services:			
Program Fees	\$ 48,952		48,952
Special Events		3,136	3,136
Miscellaneous Revenue		44,273	44,273
Total Operating Revenue	<u>48,952</u>	<u>805,799</u>	<u>854,751</u>
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs		339,851	339,851
Salaries		210,902	210,902
Employee Benefits & Payroll Taxes		63,451	63,451
Purchased Professional and Technical Services		58,361	58,361
Other Purchased Services		67,610	67,610
Cleaning, Repair and Maintenance Services	76,022		76,022
Supplies and Materials		33,382	33,382
Miscellaneous Expense		2,778	2,778
Depreciation Expense		7,983	7,983
Total Operating Expenses	<u>76,022</u>	<u>784,318</u>	<u>860,340</u>
Operating Income/(Loss)	(27,070)	21,481	(5,589)
Non-Operating Revenue:			
Local Sources:			
Interest Earnings		466	466
Total Non-Operating Income		<u>466</u>	<u>466</u>
Change in Net Position Before Other Item	(27,070)	21,947	(5,123)
Other Item:			
Disposal of Capital Assets		(733)	(733)
Total Other Item		<u>(733)</u>	<u>(733)</u>
Change in Net Position After Other Item	(27,070)	21,214	(5,856)
Net Position - Beginning of Year	<u>152,624</u>	<u>330,652</u>	<u>483,276</u>
Net Position - End of Year	<u>\$ 125,554</u>	<u>\$ 351,866</u>	<u>\$ 477,420</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Non-Major Funds		Totals
	Field Rental/ Joint Facilities	Food Service	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 48,952	\$ 809,193	\$ 858,145
Payments to Food Service Contractors		(722,952)	(722,952)
Payments to Suppliers	(82,581)	(1,570)	(84,151)
Net Cash Provided by/(Used for) Operating Activities	<u>(33,629)</u>	<u>84,671</u>	<u>51,042</u>
Cash Flows from Investment Activities:			
Interest Income		466	466
Net Cash Provided by Investing Activities		<u>466</u>	<u>466</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets		(21,686)	(21,686)
Net Cash Used for Capital and Related Financing Activities		<u>(21,686)</u>	<u>(21,686)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(33,629)	63,451	29,822
Cash and Cash Equivalents, July 1	<u>160,935</u>	<u>286,771</u>	<u>447,706</u>
Cash and Cash Equivalents, June 30	<u>\$ 127,306</u>	<u>\$ 350,222</u>	<u>\$ 477,528</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (27,070)	\$ 21,481	\$ (5,589)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		7,983	7,983
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable		1,802	1,802
(Increase) in Inventory		(1,960)	(1,960)
Increase/(Decrease) in Accounts Payable	(6,559)	53,773	47,214
Increase in Unearned Revenue		1,592	1,592
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (33,629)</u>	<u>\$ 84,671</u>	<u>\$ 51,042</u>

FIDUCIARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018

	Agency		Totals	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
	Student Activity	Payroll				
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 367,800	\$ 36,211	\$ 404,011	\$ 479,677	\$ 108,811	
Interfund Receivable:						
Student Activity Agency Fund						\$ 1,834
Total Assets	367,800	36,211	404,011	479,677	108,811	1,834
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings		36,211	36,211			
Due to Student Groups	365,966		365,966			
Interfund Payable:						
Private Purpose Scholarships Trust	1,834		1,834			
Total Liabilities	367,800	36,211	404,011			
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				479,677		
Flexible Spending Claims					108,811	
Scholarships						1,834
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 479,677	\$ 108,811	\$ 1,834

MILLBURN TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 78,898	\$ 236,310	
Total Contributions	<u>78,898</u>	<u>236,310</u>	
Total Additions	<u>78,898</u>	<u>236,310</u>	
DEDUCTIONS:			
Unemployment Benefit Claims	41,995		
Flexible Spending Claims		222,949	
Total Deductions	<u>41,995</u>	<u>222,949</u>	
Change in Net Position	36,903	13,361	
Net Position - Beginning of the Year	<u>442,774</u>	<u>95,450</u>	\$ 1,834
Net Position - End of the Year	<u>\$ 479,677</u>	<u>\$ 108,811</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, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 319,177	\$ 889,645	\$ 841,022	\$ 367,800
Total Assets	<u>\$ 319,177</u>	<u>\$ 889,645</u>	<u>\$ 841,022</u>	<u>\$ 367,800</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 317,343	\$ 889,645	\$ 841,022	\$ 365,966
Interfund Payable:				
Private Purpose Scholarships Trust	<u>1,834</u>			<u>1,834</u>
Total Liabilities	<u>\$ 317,343</u>	<u>\$ 889,645</u>	<u>\$ 841,022</u>	<u>\$ 367,800</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 38,543	\$ 61,896,942	\$ 61,899,274	\$ 36,211
Total Assets	<u>\$ 38,543</u>	<u>\$ 61,896,942</u>	<u>\$ 61,899,274</u>	<u>\$ 36,211</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 38,543	\$ 61,896,942	\$ 61,899,274	\$ 36,211
Total Liabilities	<u>\$ 38,543</u>	<u>\$ 61,896,942</u>	<u>\$ 61,899,274</u>	<u>\$ 36,211</u>



LONG-TERM DEBT

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2018		Interest Rate	Balance July 1, 2017	Matured	Balance June 30, 2018
			Date	Amount				
School Bonds	07/15/95	\$ 22,420,000	07/15/18	\$ 1,150,000	5.350%	\$ 3,449,000	\$ 1,150,000	\$ 2,299,000
			07/15/19	1,149,000	5.350%			
Refunding Bonds	12/12/06	9,180,000	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%	4,090,000	835,000	3,255,000
School Bonds	01/30/07	21,300,000			4.250%	950,000	950,000	
Refunding Bonds	07/20/11	7,920,000	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%	5,195,000	690,000	4,505,000
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, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance July 1, 2017	Matured	Balance June 30, 2018
			Date	Amount	June 30, 2018				
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	
						\$ 51,387,000	\$ 3,625,000	\$ 47,762,000	

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Purpose	Interest Rate	Original Issue	Balance July 1, 2017	Issued	Matured	Balance June 30, 2018
243 iMac's, 82 MacBook Pro's and 407 MacBook Air's and 35 USB SuperDrives	0.00%	\$ 773,104	\$ 413,690		\$ 413,690	
2015 54-Passenger Bluebird School Bus	2.36%	85,234	18,843		18,843	
725 MacBook Air's and 18 Bretford Mobility Carts	0.00%	719,669	504,020		71,883	\$ 432,137
730 MacBook Air and 15 Bretford Mobility Carts	0.00%	711,449	561,449		75,000	486,449
Energy Savings Improvement Project	2.41%	4,483,000	4,187,000		367,053	3,819,947
15 iMac, 485 MacBook Air and 85 MacBook Pro	0.00%	691,890	621,890		70,000	551,890
29 Passenger Bus	2.995%	58,500		\$ 58,500	12,401	46,099
			<u>\$ 6,306,892</u>	<u>\$ 58,500</u>	<u>\$ 1,028,870</u>	<u>\$ 5,336,522</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 5,129,644		\$ 5,129,644	\$ 5,129,644	
State Sources:					
Debt Service Aid Type II	525,569		525,569	525,569	
Total Revenues	5,655,213		5,655,213	5,655,213	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	2,099,427		2,099,427	2,099,427	
Redemption of Principal	3,625,000		3,625,000	3,625,000	
Total Expenditures	5,724,427		5,724,427	5,724,427	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(69,214)		(69,214)	(69,214)	
Other Financing Sources:					
Transfer from Capital Projects Fund:					
Interest Earned				192,716	\$ 192,716
Total Other Financing Sources				192,716	192,716
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(69,214)		(69,214)	123,502	192,716
Fund Balance, July 1	108,704		108,704	108,704	
Fund Balance, June 30	\$ 39,490	\$ -0-	\$ 39,490	\$ 232,206	\$ 192,716
<u>Recapitulation:</u>					
Restricted - For Subsequent Year's Expenditures				\$ 39,490	
Restricted				192,716	
Total Restricted Fund Balance				\$ 232,206	

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities:</b>										
Net Investment in Capital Assets (Deficit)	\$ (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	\$ 15,652,816
Restricted	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	20,542,697
Unrestricted (Deficit)	(258,791)	606,999	406,232	(285,216)	(343,727)	(20,235,005)	(22,788,588)	(20,496,217)	(25,538,115)	(26,700,182)
<b>Total Governmental Activities Net Position</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>\$ 9,495,331</b>
<b>Business-type Activities:</b>										
Investment in Capital Assets	\$ 69,028	\$ 57,246	\$ 49,526	\$ 41,873	\$ 55,364	\$ 46,386	\$ 57,281	\$ 55,293	\$ 61,764	\$ 74,734
Unrestricted	237,062	263,657	339,300	407,204	442,047	514,707	492,834	394,635	421,512	402,686
<b>Total Business-type Activities Net Position</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>\$ 477,420</b>
<b>District-wide:</b>										
Net Investment in Capital Assets (Deficit)	\$ (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	\$ 15,727,550
Restricted	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	20,542,697
Unrestricted (Deficit)	(21,729)	870,656	745,532	121,988	98,320	(19,720,298)	(22,295,754)	(20,101,582)	(25,116,603)	(26,297,496)
<b>Total District Net Position</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>	<b>\$ 9,972,751</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<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	\$ 58,668,768
Special Education	6,045,526	6,664,958	6,636,844	6,858,867	7,004,876	7,084,468	8,481,855	9,237,742	10,724,925	10,896,791
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	1,455,998
Other Instruction	2,865,518	1,895,324	1,778,563	1,730,174	1,928,798	1,910,641	2,379,325	2,616,014	3,268,450	3,128,104
Support Services:										
Tuition	1,985,622	1,914,671	1,795,136	2,132,287	2,511,902	2,526,107	2,884,505	3,098,798	3,356,840	3,373,699
Student & Instruction Related Services	14,049,547	14,136,561	13,231,475	13,394,479	13,524,226	13,897,109	16,626,291	17,763,520	20,582,202	20,178,058
General & Business Administrative Services	3,118,998									
General Administrative Services	3,703,873	1,148,162	1,045,625	1,261,167	1,159,205	1,655,392	1,844,306	1,443,137	1,474,315	1,272,743
School Administrative Services		3,808,743	4,242,723	4,333,362	4,417,753	4,308,270	4,762,840	4,856,047	5,670,633	5,912,096
Central Services		1,330,633	1,561,666	1,405,161	1,486,185	1,489,790	1,688,684	1,838,095	2,152,534	1,956,525
Administrative Information Technology		645,708	607,962	591,596	711,810	819,105	881,864	987,689	1,010,471	967,382
Plant Operations and Maintenance	7,426,762	7,172,703	7,352,183	7,439,464	7,229,952	7,835,646	8,047,309	8,145,426	8,799,935	8,573,502
Pupil Transportation	2,924,577	2,944,693	2,814,772	2,744,063	2,888,170	3,127,389	3,126,168	3,211,620	3,809,984	3,763,410
Transfer of Funds to Charter School		2,202,024	2,088,810	2,035,950	1,847,553	1,551,376	1,323,123	1,147,166	30,316	1,775,324
Interest on Long-term Debt	2,355,693		53,260	52,488	42,878	123,337	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	121,922,400
Total Governmental Activities Expenses	81,376,320	84,183,487	83,601,940	85,072,386	88,203,879	89,192,656	101,616,279	107,844,269	121,244,492	121,922,400
Business-type Activities:										
Food Service	672,736	561,115	575,874	594,156	564,764	602,583	690,178	760,617	736,619	784,318
Adult School	16,504									
Field Rental/Joint Facilities	29,842	25,960	69,846	23,485	28,120	21,292	58,600	183,900	78,423	76,022
Total Business-type Activities Expense	719,082	587,075	645,720	617,641	592,884	623,875	748,778	944,517	815,042	860,340
Total District-wide Expenses	\$ 82,095,402	\$ 84,770,562	\$ 84,247,660	\$ 85,690,027	\$ 88,796,763	\$ 89,816,531	\$ 102,365,057	\$ 108,788,786	\$ 122,059,534	\$ 122,782,740
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
Regular Instruction			\$ 305,093	\$ 134,613	\$ 132,602	\$ 127,252	\$ 111,497	\$ 110,198	\$ 105,474	\$ 92,960
Special Education Instruction				344,740	372,203	256,439	103,634	99,060	128,699	18,149
Pupil Transportation	\$ 22,113			602,560	680,764	648,246	680,764	715,380	729,291	668,194
Operating Grants and Contributions	11,516,987	\$ 10,669,612	9,849,638	8,125,151	10,690,223	12,723,227	22,000,460	26,857,263	35,591,815	37,153,588
Capital Grants and Contributions							435,655	583,331		
Total Governmental Activities Program Revenues	11,539,100	10,669,612	10,154,731	8,604,504	11,797,588	13,755,164	23,332,010	28,365,232	36,555,279	37,932,891



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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Program Revenues:</b>										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 614,570	\$ 566,497	\$ 631,539	\$ 607,425	\$ 562,411	\$ 615,182	\$ 675,733	\$ 776,827	\$ 794,772	\$ 805,799
Adult School										
Field Rental/Joint Facilities	70,316	28,601	69,358	51,228	57,115	42,491	62,780	67,880	53,241	48,952
Operating Grants and Contributions	8,278	8,278	13,541	19,019	21,462	29,612				
Total Business-type Activities Program Revenues	684,886	603,376	714,438	677,672	640,988	687,285	738,513	844,707	848,013	854,751
Total District-wide Program Revenues	\$ 12,223,986	\$ 11,272,988	\$ 10,869,169	\$ 9,282,176	\$ 12,438,576	\$ 14,442,449	\$ 24,070,523	\$ 29,209,939	\$ 37,403,292	\$ 38,787,642
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$(69,837,220)	\$(73,513,875)	\$(73,447,209)	\$(76,467,882)	\$(76,406,291)	\$(75,437,492)	\$(78,284,269)	\$(79,479,037)	\$(84,689,213)	\$(83,989,509)
Business-type Activities	(34,196)	16,301	68,718	60,031	48,104	63,410	(10,265)	(99,810)	32,971	(5,589)
Total District-wide Net Expense	\$(69,871,416)	\$(73,497,574)	\$(73,378,491)	\$(76,407,851)	\$(76,358,187)	\$(75,374,082)	\$(78,294,534)	\$(79,578,847)	\$(84,656,242)	\$(83,995,098)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 81,901,838
Taxes Levied for Debt Service	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	5,129,644
Unrestricted Grants and Contributions	129,153	537,235	288,891	258,550	318,376	324,298	408,990	413,122	466,108	761,207
Tuition	169,993									
Investment Earnings	537,058	49,386	19,499	2,234	2,045	426	394	935	43,481	212,792
Miscellaneous Income	940,305	201,503	92,771	223,694	254,578	220,240	264,957	146,646	400,477	269,461
Transfers	(25,000)		964							
Adjustments to Capital Assets	(274,477)	(136,816)								
Cancellation of SDA Grant Receivable										
Insurance Recovery Related to Other Costs of Super Storm Sandy										
Total Governmental Activities	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	88,274,942
Business-type Activities:										
Investment Earnings	247	91	169	220	230	272	271	292	377	466
Transfers	25,000		(964)							
Disposal of Capital Assets		(12,138)					(984)	(669)		(733)
Total Business-type Activities	25,247	(12,047)	(795)	220	230	272	(713)	(377)	377	(267)
<b>Total District-wide General Revenues and Other Changes in Net Position</b>	\$ 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	\$ 88,274,675
<b>Change in Net Position:</b>										
Governmental Activities	\$ 3,842,661	\$ 836,721	\$ 1,615,346	\$ (402,474)	\$ 739,690	\$ 2,943,787	\$ 1,665,478	\$ 2,950,753	\$ 283,916	\$ 4,285,433
Business-type Activities	(8,949)	4,254	67,923	60,251	48,334	63,682	(10,978)	(100,187)	33,348	(5,856)
Total District-wide Change in Net Position	\$ 3,833,712	\$ 840,975	\$ 1,683,269	\$ (342,223)	\$ 788,024	\$ 3,007,469	\$ 1,654,500	\$ 2,850,566	\$ 317,264	\$ 4,279,577

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund:</b>										
Reserved/Restricted	\$ 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	\$ 7,657,754
Assigned		978,492	1,749,628	783,434	934,503	900,167	391,347	925,655	1,257,548	1,000,990
Unassigned				1,524,744	1,433,194	1,452,631	1,490,129	1,639,470	1,710,303	1,646,797
Unreserved	2,071,239	2,948,309								
<b>Total General Fund</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>	<b>\$ 10,305,541</b>
<b>All Other Governmental Funds:</b>										
Reserved/Restricted	\$ 737,602	\$ 14,000	\$ 2,124,414	\$ 1,013,608	\$ 652,272	\$ 424,317	\$ 238,137	\$ 119,248	\$ 20,641,931	\$ 12,884,943
Committed			16,085	16,085			833,644	2,945,830	376,183	215,622
Unreserved, Reported in:										
Capital Projects Fund	3,786,806	2,280,155								
Debt Service Fund	398,663	768,781								
<b>Total All Other Governmental Funds</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>\$ 13,100,565</b>
<b>Total Governmental Funds</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>	<b>\$ 23,406,106</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Tax Levy	\$ 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	\$ 87,031,482
Tuition Charges	169,993	305,093	479,353	504,805	383,691	323,564	215,131	209,258	234,173	111,109
Transportation Fees				602,560	648,246	653,446	680,764	715,380	729,291	668,194
Interest Earnings	537,058	3,490	1,640	535	564	300	86	584	3,495	16,334
Miscellaneous	974,851	308,204	217,205	440,362	439,635	451,220	575,764	316,758	537,724	1,018,500
State Sources	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	16,990,622
Federal Sources	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	1,375,183
<b>Total Revenue</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>107,211,424</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	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	31,677,275
Special Education Instruction	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	5,738,381
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	1,454,312
School-Sponsored/Other Instruction	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	1,449,151
<b>Support Services:</b>										
Tuition	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	3,373,699
Student & Other Instruction Related Services	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	11,279,143
General Administrative Services	950,705	978,546	878,662	1,046,202	913,259	1,374,606	1,580,988	1,037,577	1,234,410	961,559
School Administrative Services	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	3,332,572
Central Services	897,867	801,433	889,314	866,916	900,911	925,461	982,523	1,074,412	1,096,422	1,071,473
Administrative Information Technology	670,977	645,708	607,962	591,596	667,670	741,734	795,951	785,485	775,100	803,529
Plant Operations and Maintenance	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	6,954,330
Student Transportation	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	3,351,714
Unallocated Benefits	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	27,629,973
Transfer of Funds to Charter School								34,471	30,316	
Capital Outlay	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	9,194,306
<b>Debt Service:</b>										
Principal	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	3,625,000
Interest and Other Charges	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	2,099,427
<b>Total Expenditures</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>	<b>113,995,844</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (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)	\$ (6,784,420)
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 Amount on Refunding				(457,264)			(1,226,306)			
NJEDA/SDA Grants		(136,816)								
Insurance Recovery Related to Other Costs of Super Storm Sandy					227,096			711,449	691,890	58,500
Capital Leases					1,642,542	773,104	804,903	4,483,000		
Lease Purchase Agreement Proceeds										
Transfers	(25,000)		964							
Total Other Financing Sources/(Uses)	(25,000)	(136,816)	964	-0-	1,869,638	773,104	804,903	5,194,449	26,284,890	58,500
Net Change in Fund Balances	\$ (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	\$ (6,725,920)
Debt Service as a % of Noncapital Expenditures	6.47%	6.20%	6.13%	5.95%	5.71%	5.53%	5.23%	4.91%	4.74%	5.46%

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
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
2018	20,076	18,149	92,960	668,194	87,715	173,130	8,616	1,068,840

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)
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
2017 *	40,231,000	7,956,428,000	-0-	-0-	1,619,772,100	74,906,500	92,268,900	9,783,606,500	7,295,841	9,790,902,341	671,646,600	0.87	9,807,600,745

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

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

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

\* Revaluation of property was effective.

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
	General Obligation		Total Direct	Millburn Township	Essex County	
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>				
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
2017	* 0.822	0.052	0.874	0.464	0.517	1.855

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 of property was effective.

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	2017		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 930,819,000	1	9.51%
51 JFK Unit LLC/Mark-Cali Realty	66,392,800	2	0.68%
101/103 JFK Realty/Mark-Cali Realty	58,072,400	3	0.59%
Short Hills Hilton LLC	57,075,000	4	0.58%
Mack- Cali Realty Corp	54,515,500	5	0.56%
Stone Mountain Properties	27,720,100	6	0.28%
Canoe Brook Country Club	26,330,300	7	0.27%
New Creek C/O Kimco Prop.	20,154,800	8	0.21%
UE Millburn LLC C/O Urban Edge Prop.	20,074,300	9	0.21%
Millburn Common Associates	19,174,700	10	0.20%
Total	<u>\$ 1,280,328,900</u>		<u>13.08%</u>

Taxpayer	2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 794,376,300	1	9.56%
Reckson Short Hills, LLC	74,161,100	2	0.89%
Short Hills Hilton, LLC	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, LLC	21,859,800	6	0.26%
23 Properties	20,808,900	7	0.25%
Canoe Brook Country Club	18,997,200	8	0.23%
A&R Millburn Associates	17,223,100	9	0.21%
Stone Mountain Properties	17,840,700	10	0.21%
Total	<u>\$ 1,165,717,500</u>		<u>14.03%</u>

Note: Revaluation was effective in 2017.

Source: Millburn Township Tax Assessor.



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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2018	87,031,482	87,031,482	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)			
2009	\$ 53,409,000	\$ -0-	\$ -0-	\$ 53,409,000	5.60%	\$ 2,880
2010	50,389,000	-0-	-0-	50,389,000	4.82%	2,502
2011	47,324,000	-0-	-0-	47,324,000	4.33%	2,352
2012	44,019,000	-0-	-0-	44,019,000	3.99%	2,190
2013	40,769,000	1,295,345	-0-	42,064,345	3.76%	2,086
2014	37,454,000	1,654,759	-0-	39,108,759	3.34%	1,922
2015	32,689,000	1,944,090	1,073,000	35,706,090	2.92%	1,746
2016	29,299,000	6,559,983	1,073,000	36,931,983	2.96%	1,803
2017	51,387,000	6,306,892	583,000	58,276,892	4.67%	2,844
2018	47,762,000	5,336,522	-0-	53,098,522	4.26%	2,592

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.

Source: Millburn Township School District Financial Reports

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		
2009	\$ 53,409,000	\$ -0-	\$ 53,409,000	0.64%	\$ 2,880
2010	50,389,000	-0-	50,389,000	0.61%	2,502
2011	47,324,000	-0-	47,324,000	0.58%	2,352
2012	44,019,000	-0-	44,019,000	0.54%	2,190
2013	40,769,000	-0-	40,769,000	0.50%	2,022
2014	37,454,000	-0-	37,454,000	0.46%	1,840
2015	32,689,000	-0-	32,689,000	0.40%	1,598
2016	29,299,000	-0-	29,299,000	0.36%	1,431
2017	51,387,000	-0-	51,387,000	0.63%	2,508
2018	47,762,000	-0-	47,762,000	0.49%	2,331

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, 2017  
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	\$ 19,943,304	100.00%	\$ 19,943,304
Essex County General Obligation Debt	410,788,661	11.44%	47,003,148
Subtotal, Overlapping Debt			66,946,452
Millburn Township School District Direct Debt			53,933,522
Total Direct and Overlapping Debt			<u>\$ 120,879,974</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 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	\$ 393,605,084
Total Net Debt Applicable to Limit	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	47,762,000
Legal Debt Margin	\$ 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	\$ 345,843,084

Total Net Debt Applicable to the Limit As a Percentage of Debt Limit      15.43%      14.08%      13.16%      12.45%      11.61%      10.75%      9.27%      8.03%      13.53%      12.13%

Legal Debt Margin Calculation for Fiscal Year 2018	
Equalized valuation basis	
2017	\$ 10,355,214,331
2016	9,718,417,925
2015	9,446,749,015
	<u>\$ 29,520,381,271</u>
Average Equalized Valuation of Taxable Property	
	<u>\$ 9,840,127,090</u>
Debt Limit (4% of average equalization value) <sup>a</sup>	
Net Bonded School Debt	\$ 393,605,084
Legal Debt Margin	<u>47,762,000</u>
	<u>\$ 345,843,084</u>

<sup>a</sup> Limit set by NJSIA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts.

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

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

Year	Population <sup>a</sup>	Essex County Per Capita Personal Income <sup>b</sup>	Millburn Township Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2009	18,547	\$ 51,448	\$ 954,206,056	4.80%
2010	20,137	51,866	1,044,425,642	4.80%
2011	20,118	54,345	1,093,312,710	4.60%
2012	20,100	54,842	1,102,324,200	4.70%
2013	20,166	55,455	1,118,305,530	3.80%
2014	20,350	57,541	1,170,959,350	3.60%
2015	20,456	59,863	1,224,557,528	3.20%
2016	20,481	60,887	1,247,026,647	3.10%
2017	20,488	60,887 *	1,247,452,856	2.90%
2018	20,488 **	60,887 *	1,247,452,856 ***	N/A

\* - Latest Essex County per capita personal income available (2016) was used for calculation purposes.

\*\* - Latest population data available (2017) was used for calculation purposes.

\*\*\* - Latest available population data (2017) and latest available Essex County per capita personal income (2016) 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

Employer	2017		
	Employees	Rank	Percentage of Total Employment
St. Barnabas Health Care System	21,000	1	5.67%
Rutgers University-Newark Campus	15,500	2	4.18%
Verizon	15,000	3	4.05%
New Jersey Transit	11,500	4	3.10%
Public Service Electric & Gas	10,000	5	2.70%
Prudential Ins. Co. of America	8,743	6	2.36%
Montclair State University	7,525	7	2.03%
Newark Board of Education	7,050	8	1.90%
Gateway Group One	6,250	9	1.69%
Automatic Data Processing	5,649	10	1.52%
	<u>108,217</u>		<u>29.21%</u>
Total Employment	<u>370,503</u>		
Employer	2008		
	Employees	Rank (Optional)	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

Source: Essex County Economic Development Corporation

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

<u>Function/Program</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>	<u>2018</u>
Instruction:										
Regular	350	353	337	327	333	332	328	329	327	327
Special Education	55	54	58	61	59	62	64	69	68	66
Other Instruction	12	12	12	13	16	18	19	19	20	21
Support Services:										
Student & Instruction Related Services	150	146	132	127	131	135	146	152	156	161
School Administration	29	29	31	31	31	31	30	30	30	32
General Administration	4	4	4	4	4	4	3	3	3	3
Plant Operations and Maintenance	134	132	130	130	135	145	145	148	145	158
Pupil Transportation	18	17	16	14	15	15	15	15	15	15
Business and Other Support Services	19	19	19	17	17	17	19	19	19	19
<b>Total</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>	<b>802</b>

Source: Millburn Township School District Personnel Records.



MILLBURN TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year End June 30,	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				
2009	\$ 77,677,143	\$ 16,524	0.66%	388	1:20	1:23	1:21	4,770	4,521	2.16%	94.78%
2010	80,110,908	16,876	2.13%	397	1:20	1:20	1:22	4,818	4,580	1.01%	95.06%
2011	79,699,625	16,176	-4.15%	394	1:20	1:20	1:23	4,927	4,681	2.26%	95.01%
2012	81,104,579	16,525	2.16%	383	1:20	1:21	1:21	4,908	4,681	-0.39%	95.37%
2013	83,319,364	16,791	1.61%	389	1:20	1:21	1:22	4,962	4,717	1.10%	95.06%
2014	84,912,806	17,304	3.05%	389	1:20	1:21	1:18	4,907	4,678	-1.11%	95.33%
2015	88,654,835	18,145	4.86%	398	1:20	1:21	1:19	4,882	4,654	-0.51%	95.33%
2016	91,262,676	18,648	2.77%	402	1:20	1:21	1:18	4,894	4,694	0.25%	95.91%
2017	95,202,343	19,453	4.32%	401	1:21	1:21	1:20	4,894	4,689	0.00%	95.81%
2018	99,077,111	20,403	4.88%	404	1:21	1:21	1:17	4,856	4,623	-0.78%	95.20%

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Deerfield Elementary School (1962)										
Square Feet	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084
Capacity (Students)	500	500	500	500	590	590	590	590	590	590
Enrollment	488	481	517	545	585	575	569	591	565	437
Glenwood Elementary School (1938)										
Square Feet	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243
Capacity (Students)	425	425	425	425	502	502	502	502	502	502
Enrollment	516	529	490	489	490	464	478	458	475	371
Hartshorn Elementary School (1958)										
Square Feet	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999
Capacity (Students)	513	513	513	513	603	603	603	603	603	603
Enrollment	527	504	537	545	548	542	544	529	498	425
South Mountain Elementary School (1935)										
Square Feet	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358
Capacity (Students)	348	348	348	348	439	439	439	439	439	439
Enrollment	357	375	393	363	364	333	357	356	373	319
Wyoming Elementary School (1927)										
Square Feet	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242
Capacity (Students)	343	343	343	343	374	374	374	374	374	374
Enrollment	305	341	344	338	336	332	350	373	385	314
Washington Elementary School (1968) **										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	39,777
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	444

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

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Millburn Middle School (1930)										
Square Feet	146,699	181,908	181,908	235,541	235,541	235,541	235,541	235,541	235,541	235,541
Capacity (Students)	966	1,094	1,094	1,094	1,047	1,047	1,047	1,047	1,047	1,047
Enrollment	1,116	1,111	1,157	1,148	1,121	1,140	1,124	1,121	1,144	1,132
Millburn High School (1955)										
Square Feet	201,858	227,619	227,619	392,358	392,358	392,358	392,358	392,358	392,358	392,358
Capacity (Students)	1,394	1,763	1,763	1,763	2,104	2,100	2,100	2,100	2,100	2,100
Enrollment	1,392	1,406	1,489	1,480	1,518	1,521	1,464	1,466	1,454	1,414
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, 2018:

- Elementary = 6
- Middle School = 1
- High School = 1
- Other = 2

\*\* Purchased from the State of NJ and opened in fiscal year 2017-2018.

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

N/A - Not Applicable

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	Washington Elementary School	Millburn Middle School	Millburn High School	Education Center	Millburn High School	
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	
2018	116,168	105,054	70,841	59,817	64,987	\$ 65,279	206,196	492,606	58,046	1,238,994	

\* 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, 2018  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group:		
Commercial Package:		
Property Coverage:		
Building and Contents	\$ 155,256,045	\$ 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



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Report on Internal Control over Financial Reporting and  
 on Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Millburn, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

**Internal Control Over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

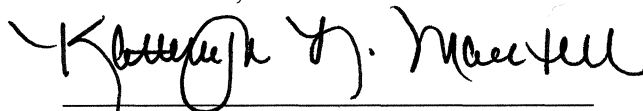
**Purpose of this Report**

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

January 18, 2019  
Mount Arlington, New Jersey



NISIVOCCIA, LLP



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





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Report on Compliance For Each Major Federal and State Program;  
Report on Internal Control Over Compliance

Independent Auditors' Report

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

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

We have audited the Board of Education of the Township of Millburn's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2018. 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.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

**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.

January 18, 2019  
Mount Arlington, New Jersey

*Nisivoccia, LLP*

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, 2018

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Balance at	
					June 30, 2017 Budgetary Accounts Receivable	June 30, 2018 Budgetary Accounts Receivable			June 30, 2017 Budgetary Accounts Receivable	June 30, 2018 Budgetary Accounts Receivable
<b>U.S. Department of Education:</b>										
Passed-through State Department of Education:										
<u>Special Revenue Fund:</u>										
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027	IDEA359018	7/1/17-6/30/18	\$ 943,444	\$ 780,851	\$ (926,770)	\$ (145,919)			
I.D.E.A. Part B, Basic	84.027	IDEA359017	7/1/16-6/30/17	936,059	110,669					
I.D.E.A. Preschool	84.173	IDEA359018	7/1/17-6/30/18	32,739	25,064	(32,521)	(7,457)			
I.D.E.A. Preschool	84.173	IDEA359017	7/1/16-6/30/17	33,628	3,660					
Total Special Education Cluster					920,244	(959,291)	(153,376)			
<b>Elementary and Secondary Education Act:</b>										
Title I	84.010	ESEA359018	7/1/17-6/30/18	350,261	223,582	(292,350)	(68,768)			
Title I	84.010	ESEA359017	7/1/16-6/30/17	339,647	73,763					
Total Title I					297,345	(292,350)	(68,768)			
Title IIA	84.367	ESEA359018	7/1/17-6/30/18	87,654	68,979	(87,187)	(18,208)			
Title IIA	84.367	ESEA359017	7/1/16-6/30/17	46,614	11,972					
Title III	84.365	ESEA359018	7/1/17-6/30/18	22,691	7,635	(19,909)	(12,274)			
Title III	84.365	ESEA359017	7/1/16-6/30/17	23,561	8,051					
Title III - Immigrant	84.365	ESEA359018	7/1/17-6/30/18	12,070	7,667	(7,910)	(243)			
Title III - Immigrant	84.365	ESEA359017	7/1/16-6/30/17	12,578	4,913					
Title IV	84.424	ESEA359018	7/1/17-6/30/18	10,000	6,817	(8,536)	(1,719)			
Total Special Revenue Fund					1,333,623	(1,375,183)	(254,588)			
Total U.S. Department of Education					1,333,623	(1,375,183)	(254,588)			
Total Federal Awards					\$ 1,333,623	\$ (1,375,183)	\$ (254,588)			\$ -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, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO		
				Budgetary						GAAP	Due to Grantor	Accounts Receivable	Budgetary Receivable	Total Expenditures
				Accounts Receivable	Due to Grantor									
<b>State Department of Education:</b>														
<b>General Fund State Aid:</b>														
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 1,900,480			\$ 1,725,862	\$ (1,900,480)		\$ (174,618)	\$ 1,900,480		\$ 1,900,480		
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	87,549			79,505	(87,549)		(8,044)	87,549		87,549		
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	151,719			137,779	(151,719)		(13,940)	151,719		151,719		
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	49,400			44,861	(49,400)		(4,539)	49,400		49,400		
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	49,400			44,861	(49,400)		(4,539)	49,400		49,400		
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	49,040			44,534	(49,040)		(4,506)	49,040		49,040		
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17-6/30/18	580,198				(580,198)		(580,198)	580,198		580,198		
Excess Nonpublic Transportation Costs	18-495-034-5120-014	7/1/17-6/30/18	82,606				(82,606)		(82,606)	82,606		82,606		
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,986,035			2,836,143	(2,986,035)		(149,892)	2,986,035		2,986,035		
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	4,021,506			4,021,506	(4,021,506)			4,021,506		4,021,506		
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	6,078,890			6,078,890	(6,078,890)			6,078,890		6,078,890		
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	147,520			147,520	(147,520)			147,520		147,520		
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	6,681			6,681	(6,681)			6,681		6,681		
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,654,109	\$ (153,738)		153,738				1,654,109		1,654,109		
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	87,549	(8,137)		8,137				87,549		87,549		
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	151,719	(14,101)		14,101				151,719		151,719		
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	49,400	(4,591)		4,591				49,400		49,400		
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	49,400	(4,591)		4,591				49,400		49,400		
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	49,040	(4,558)		4,558				49,040		49,040		
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16-6/30/17	695,689	(695,689)		695,689				695,689		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		47,764		
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	3,029,601	(151,346)		151,346				3,029,601		3,029,601		
<b>Subtotal - General Fund</b>				(1,084,515)		16,252,657	(16,191,024)		(812,696)		(1,022,882)	22,005,295		
<b>Special Revenue Fund Aid:</b>														
<b>Nonpublic Auxiliary Services:</b>														
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	30,561			30,561	(30,561)					30,561		
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	17,557					\$ (1,253)						
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	1,807		\$ 1,253	1,807				\$ 1,807				
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	2,741		2,741			(2,741)						
<b>Nonpublic Handicapped Services:</b>														
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	28,547			28,547	(23,156)			5,391		23,156		
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	40,020					(18,519)				21,501		
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	56,068			56,068	(47,050)			9,018		47,050		
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	54,777					(14,656)				40,121		
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	83,326			83,326	(61,675)			21,651		61,675		
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	69,137					(6,830)				62,307		
N.J. Nonpublic Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	29,800			29,800	(29,248)			552		29,248		
N.J. Nonpublic Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	31,241					(723)				30,518		
N.J. Nonpublic Nursing Aid	18-100-034-5120-070	7/1/17-6/30/18	52,768			52,768	(52,768)					52,768		
N.J. Nonpublic Technology Initiative	18-100-034-5120-373	7/1/17-6/30/18	20,128			20,128	(19,408)			720		19,408		
N.J. Nonpublic Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	14,092		817			(817)				13,275		
N.J. Nonpublic Security Aid	18-100-034-5120-509	7/1/17-6/30/18	40,800			40,800	(30,633)			10,167		30,633		
N.J. Nonpublic Security Aid	17-100-034-5120-509	7/1/16-6/30/17	27,100					(7,740)				19,360		
<b>Subtotal - Special Revenue Fund</b>						343,805	(294,499)		49,306			498,175		

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	
State Department of Education: Debt Service Fund Aid:											
Debt Service Aid - State Support	18-100-034-5120-125	7/1/17-6/30/18	\$ 525,569			\$ 525,569	\$ (525,569)				\$ 525,569
Subtotal - Debt Service Fund						525,569	(525,569)				525,569
Total State Department of Education				\$ (1,084,515)	\$ 53,279	17,122,031	(17,011,092)	\$ (53,279)	\$ (812,696)	\$ 49,306	\$ (1,022,882)
Total State Awards				\$ (1,084,515)	\$ 53,279	\$ 17,122,031	(17,011,092)	\$ (53,279)	\$ (812,696)	\$ 49,306	\$ (1,022,882)

Less: State Awards Not Subject to Single Audit Major Program Determination

On-Behalf TPAF Pension System Contributions:	Grant Period	Award Amount
On-Behalf TPAF Post Retirement Contributions	7/1/17-6/30/18	(4,021,506)
On-Behalf TPAF Pension Contributions	7/1/17-6/30/18	(6,078,890)
On-Behalf TPAF Non-Contributory Insurance	7/1/17-6/30/18	(147,520)
On-Behalf TPAF Long-Term Disability Insurance	7/1/17-6/30/18	(6,681)

Subtotal - On-Behalf TPAF Pension System Contributions

10,254,597  
\$ (6,756,495)

Total State Awards Subject to Single Audit Major Program Determination

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018. 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 (\$20,470) for the General Fund and \$6,274 (of which \$6,274 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, 2018  
(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		\$ 16,170,554	\$ 16,170,554
Special Revenue Fund	\$ 1,375,183	294,499	1,669,682
Debt Service Fund		525,569	525,569
Total Awards	<u>\$ 1,375,183</u>	<u>\$ 16,990,622</u>	<u>\$ 18,365,805</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, 2018.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

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

	C.F.D.A.#/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/17-6/30/18	\$ 943,444	\$ 926,770
I.D.E.A. Preschool	84.173	7/1/17-6/30/18	32,739	32,521
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,986,035	2,986,035

- 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, 2018  
(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, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.