

**MILLBURN TOWNSHIP
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual
Financial Report**

of the

**Millburn Township School District
Board of Education**

Millburn, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

**Millburn Township School District
Board Office**

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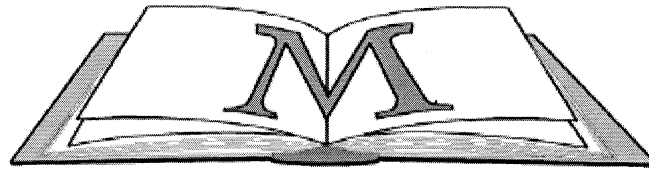
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INTRODUCTORY SECTION



Millburn Township Schools
434 MILLBURN AVENUE, MILLBURN, NJ 07041

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

November 8, 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, 2019, 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 2018-2019 fiscal year with an average daily enrollment of 4,784 students which is a decrease of 72 students from the previous year.

2) ECONOMIC CONDITION AND OUTLOOK: The Township's cash surplus at December 31, 2018 amounted to \$12,224,508.67. A systematic and active investment program has been followed; income earned from investments of the Township's surplus cash amounted to \$735,131.34 in 2018. The current tax rate is \$1.937 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 2018-2019

1. To utilize the Future Ready Schools framework to identify opportunities for growth and to secure next level certification across grades K-12. (Year 1 of 1)
2. To continue to implement the Millburn Instructional Mindset (MIM) focused on the assessment framework to enhance assessment practices. (Year 2 of 3)
3. To continue to investigate how the use of time during the school day affects students' academic experience through a study of building schedules and homework. (Year 2 of 3)

Board of Education Goal for FY 2018-2019

1. To update the long-range facilities plan and examine the financial implications and potential financing models for the district.
2. To engage the Board of Education in the NJSBA Board Certification process, which will further clarify the Board's role and facilitate engagement with the school community
3. To finalize successor collective bargaining agreements for all 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, 2019.

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

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

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

9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

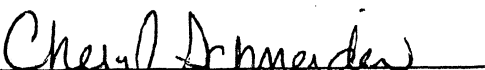
The Honorable President and Members of
the Board of Education
Millburn Township School District
Page 4
November 8, 2019

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.

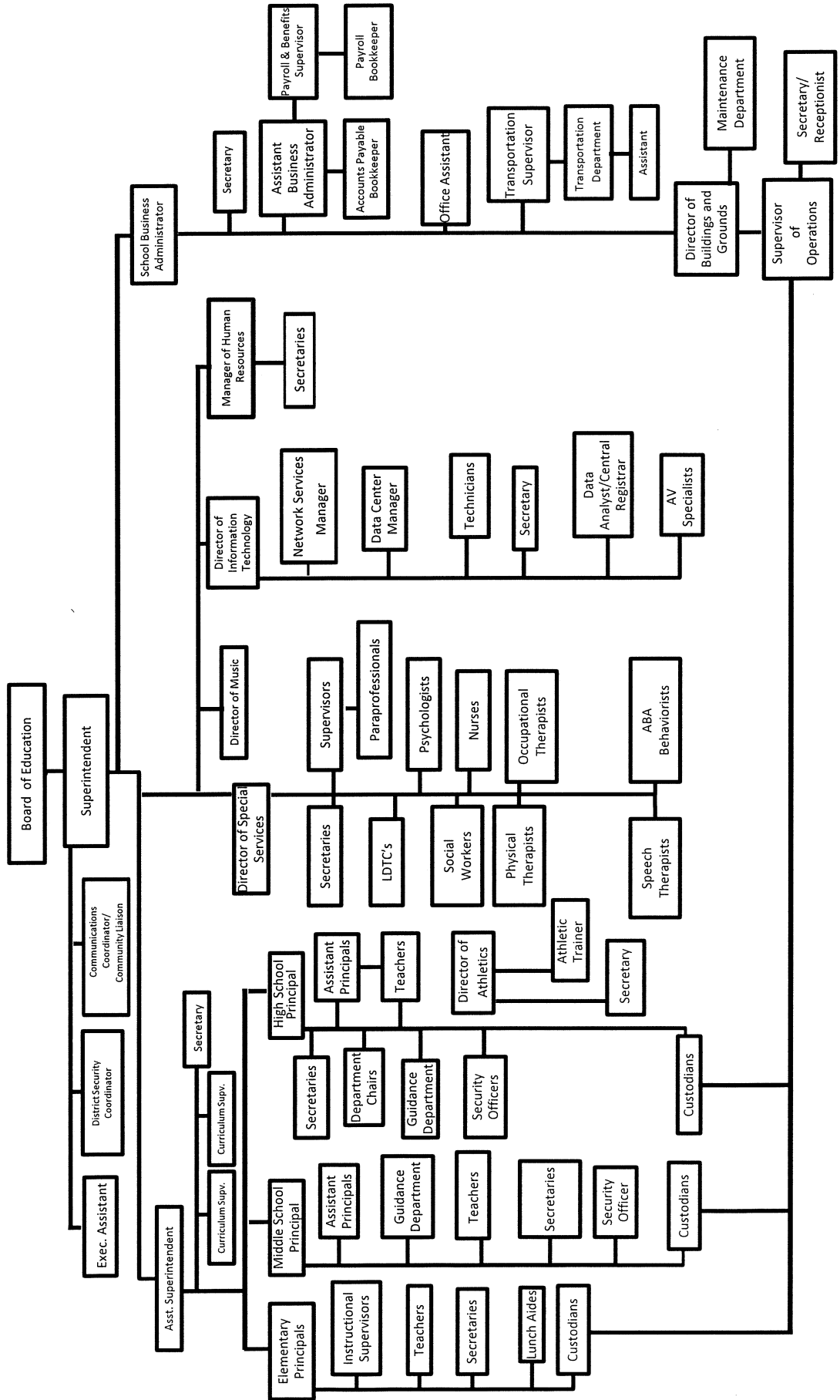
Respectfully submitted,



Dr. Christine Burton
Superintendent of Schools


Cheryl Schneider
Business Administrator/Board Secretary

Millburn Township Public Schools Organizational Chart



**MILLBURN TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Alex Zaltsman, President	2021
Emily Jaffe, Vice President	2020
Sonali Ganti	2020
Corrine Haase	2020
Oyin Owolabi	2022
Danielle Prieto	2022
Louie Shen	2021
Caroline Updyke	2022
John Westfall-Kwong	2020

<u>Other Officers</u>	<u>Title</u>
Dr. Christine Burton	Superintendent of Schools
Kate Diskin	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

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Audit Firm

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McManimon, Scotland & Baumann
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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension 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 Honorable President and Members
of the Board of Education
Millburn Township School District
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 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

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019. 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.

Overview of the Financial Statements

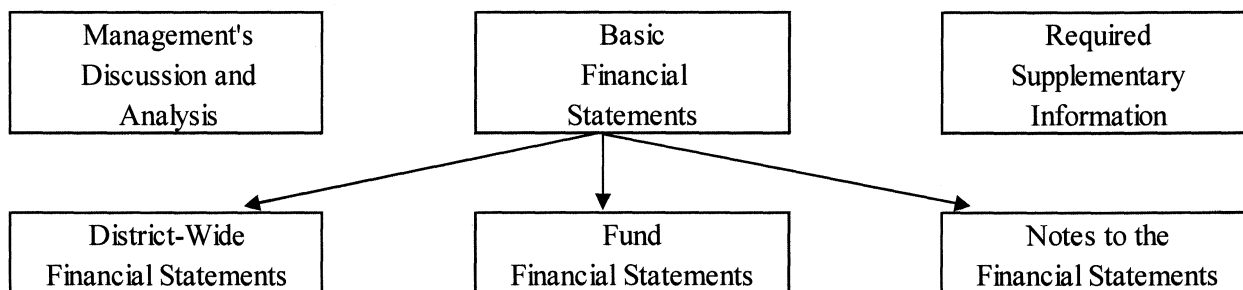
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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, 2019
(Unaudited)**

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and field rental/joint facilities	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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, 2019
(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, 2019
(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 \$3,080,533. Net position from governmental activities increased by \$3,072,046 and net position from business-type activities increased by \$8,487. Net investment in capital assets increased by \$12,254,969, restricted net position decreased by \$8,597,548, and unrestricted net position decreased by \$576,888.

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change 2018/19
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Current and							
Other Assets	\$16,799,806	\$26,738,227	\$ 468,462	\$ 487,894	\$17,268,268	\$27,226,121	
Capital Assets, Net	76,881,656	67,839,470	108,949	74,734	76,990,605	67,914,204	
Total Assets	<u>93,681,462</u>	<u>94,577,697</u>	<u>577,411</u>	<u>562,628</u>	<u>94,258,873</u>	<u>95,140,325</u>	-0.93%
Deferred Outflows of Resources	<u>7,347,726</u>	<u>9,488,269</u>			<u>7,347,726</u>	<u>9,488,269</u>	-22.56%
Other Liabilities	4,304,774	5,415,350	91,504	85,208	4,396,278	5,500,558	
Long-Term Liabilities	76,285,297	83,446,119			76,285,297	83,446,119	
Total Liabilities	<u>80,590,071</u>	<u>88,861,469</u>	<u>91,504</u>	<u>85,208</u>	<u>80,681,575</u>	<u>88,946,677</u>	-9.29%
Deferred Inflows of Resources	<u>7,871,740</u>	<u>5,709,166</u>			<u>7,871,740</u>	<u>5,709,166</u>	37.88%
Net Position:							
Net Investment in							
Capital Assets	27,873,570	15,652,816	108,949	74,734	27,982,519	15,727,550	
Restricted	11,945,149	20,542,697			11,945,149	20,542,697	
Unrestricted/(Deficit)	<u>(27,251,342)</u>	<u>(26,700,182)</u>	<u>376,958</u>	<u>402,686</u>	<u>(26,874,384)</u>	<u>(26,297,496)</u>	
Total Net Position	<u>\$12,567,377</u>	<u>\$ 9,495,331</u>	<u>\$ 485,907</u>	<u>\$ 477,420</u>	<u>\$13,053,284</u>	<u>\$ 9,972,751</u>	30.89%

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)**

Changes in Net Position. The District's *combined* net position was \$13,053,284 on June 30, 2019, an increase of \$3,080,533 or 30.89% over the previous year (see Figure A-3). Net Investment in Capital Assets increased \$12,254,969 due the maturity of \$3,865,000 of serial bonds payable, maturity of \$1,095,805 in capital lease principal, and \$11,437,239 in capital assets additions (net of capital assets disposals); offset by \$2,360,838 in depreciation expense, a new capital lease of \$1,687,904 and a decrease in deferred amount on refunding of \$94,333. Restricted net position decreased by \$8,597,548 primarily due to the progress of referendum projects. Unrestricted net position decreased by \$576,888 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
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,089,147	\$ 779,303	\$ 915,172	\$ 854,751	\$ 2,004,319	\$ 1,634,054	
Operating Grants and Contributions	31,578,936	37,153,588			31,578,936	37,153,588	
General Revenue:							
Property Taxes	89,379,646	87,031,482			89,379,646	87,031,482	
Unrestricted State and Federal Aid	920,995	761,207			920,995	761,207	
Other	746,051	482,253	1,088	466	747,139	482,719	
Total Revenue	<u>123,714,775</u>	<u>126,207,833</u>	<u>916,260</u>	<u>855,217</u>	<u>124,631,035</u>	<u>127,063,050</u>	-1.91%
Expenses:							
Instruction	71,444,812	74,149,661			71,444,812	74,149,661	
Pupil/Instruction Services	22,888,769	23,551,757			22,888,769	23,551,757	
Administrative & Business	10,253,173	10,108,746			10,253,173	10,108,746	
Maintenance & Operations	11,023,920	8,573,502			11,023,920	8,573,502	
Transportation	3,425,972	3,763,410			3,425,972	3,763,410	
Other	1,606,083	1,775,324	907,773	860,340	2,513,856	2,635,664	
Total Expenses	<u>120,642,729</u>	<u>121,922,400</u>	<u>907,773</u>	<u>860,340</u>	<u>121,550,502</u>	<u>122,782,740</u>	-1.00%
Disposal of Capital Assets, Net				(733)		(733)	100.00%
Increase/(Decrease) in Net Position	<u>\$ 3,072,046</u>	<u>\$ 4,285,433</u>	<u>\$ 8,487</u>	<u>\$ (5,856)</u>	<u>\$ 3,080,533</u>	<u>\$ 4,279,577</u>	-28.02%

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 has been pursuing grants for supplemental funding of 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-5 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-5
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2018/19	2018/19	2017/18	2017/18
Instruction	\$ 71,444,812	\$ 48,039,642	\$ 74,149,661	\$ 45,818,534
Pupil and Instruction Services	22,888,769	16,923,442	23,551,757	16,796,567
Administrative and Business	10,253,173	8,715,917	10,108,746	8,164,852
Maintenance and Operations	11,023,920	11,023,920	8,573,502	8,573,502
Transportation	3,425,972	1,665,642	3,763,410	2,860,730
Other	1,606,083	1,606,083	1,775,324	1,775,324
	<u>\$ 120,642,729</u>	<u>\$ 87,974,646</u>	<u>\$ 121,922,400</u>	<u>\$ 83,989,509</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)**

Business-Type Activities

Net position from the District's business-type activity increased by \$8,487. (Refer to Figure A-4). Factors contributing to these results included:

- Field Rental/Joint Facilities Fund expenses exceeded revenue by \$48,320, which was primarily due to the purchase of portable field netting systems.
- Food Service Fund revenues exceeded expenses by \$56,807, 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 primarily due to the District's expenses increasing 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 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

**Figure A-6
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	Change 2018/19
Sites	\$ 109,045	\$ 109,045			\$ 109,045	\$ 109,045	
Construction in Progress	22,937,422	12,940,263			22,937,422	12,940,263	
Site Improvements	3,756,653	3,961,834			3,756,653	3,961,834	
Buildings & Building Improvements	47,059,231	47,952,487			47,059,231	47,952,487	
Machinery and Equipment	3,019,305	2,875,841	\$ 108,949	\$ 74,734	3,128,254	2,950,575	
Total Capital Assets, Net	\$76,881,656	\$67,839,470	\$ 108,949	\$ 74,734	\$76,990,605	\$67,914,204	13.36%

During the fiscal year, the District acquired or constructed \$11,798,158 in capital asset additions for various capital projects, offset by \$2,360,838 in current year depreciation (\$2,349,251 its governmental activities and \$11,587 from its business-type activities) and \$360,919 of capital asset disposals.

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)**

Long-term Liabilities

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change 2018/19
	2018/19	2017/18	
General Obligation Bonds (Financed with Property Taxes)	\$ 43,897,000	\$ 47,762,000	
Net Pension Liability	22,518,230	26,234,454	
Other Long-Term Liabilities	9,870,067	9,449,665	
	<u>\$ 76,285,297</u>	<u>\$ 83,446,119</u>	-8.58%

- The District continued to pay down its bonded debt, retiring \$3,865,000 of outstanding bonds.
- Compensated absences payable increased by a net amount of \$84,021.
- Net pension liability decreased by \$3,716,224.
- The District entered into capital lease purchase agreements to purchase chromebooks and other technology equipment totaling \$1,687,904.
- The District paid down \$1,095,805 in lease principal during the fiscal year and refinanced \$1,470,476 in capital leases.
- The District amortized \$255,718 of bond issuance premiums.

More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

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:

- The district is committed to maintaining facilities. In September 2016, a bond referendum was approved that included, the purchase of and construction to the Washington Elementary School and construction/renovation of innovative research and design spaces at the remaining seven schools to maintain the District's cutting-edge achievements, as well as health and safety upgrades throughout the District. Regular assessment of the District facilities including a Security Assessment and an Assessment of the Capital and Maintenance needs was completed during the 2018-19 school year identifying projects to be included in the updated Long Range Facility Plan. Projects identified will be addressed through future operating budgets, use of reserve accounts and the expectation of funding through future bond sales. The Board has identified a schedule to allow for new issuances of bonds as prior debt service expires, to allow for continued funding for capital improvements while maintaining a level debt service schedule. This "Investing in Excellence" 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 has renegotiated with the bargaining units, agreeing to a 2.7% for the 2019-20 school year for all including unaffiliated employees. Additionally, The Millburn Education Association and the Communications Workers of America have negotiated a 2.5% increase for the 2020-2021 school year. 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, 2019
(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. Increased enrollments are projected in the future based on construction of new residential units in town, scheduled to open in July 2020.

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, 2019

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 10,231,628	\$ 451,815	\$ 10,683,443
Receivables from State Government	1,198,662		1,198,662
Receivables from Federal Government	227,342		227,342
Other Accounts Receivables	52,494	1,698	54,192
Inventories		14,949	14,949
Restricted Cash and Cash Equivalents	5,089,680		5,089,680
Capital Assets, Net:			
Sites (Land) and Construction in Progress	23,046,467		23,046,467
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	53,835,189	108,949	53,944,138
Total Assets	<u>93,681,462</u>	<u>577,411</u>	<u>94,258,873</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	817,535		817,535
Deferred Outflows Related to Pensions	6,530,191		6,530,191
Total Deferred Outflows of Resources	<u>7,347,726</u>		<u>7,347,726</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	2,461,235	54,762	2,515,997
Accrued Interest Payable	773,078		773,078
Payable to State Government	56,565		56,565
Unearned Revenue	1,013,896	36,742	1,050,638
Noncurrent Liabilities:			
Due Within One Year	5,772,678		5,772,678
Due Beyond One Year	70,512,619		70,512,619
Total Liabilities	<u>80,590,071</u>	<u>91,504</u>	<u>80,681,575</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	7,871,740		7,871,740
Total Deferred Inflows of Resources	<u>7,871,740</u>		<u>7,871,740</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	27,873,570	108,949	27,982,519
Restricted for:			
Capital Projects	5,765,195		5,765,195
Debt Service	315,891		315,891
Maintenance	1,330,063		1,330,063
Emergency	450,000		450,000
Excess Surplus	4,084,000		4,084,000
Unrestricted/(Deficit)	(27,251,342)	376,958	(26,874,384)
Total Net Position	<u>\$ 12,567,377</u>	<u>\$ 485,907</u>	<u>\$ 13,053,284</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, 2019

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
Governmental Activities:						
Instruction:						
Regular	\$ 56,568,289	\$ 132,497	\$ 16,375,873	\$ (40,059,919)		\$ (40,059,919)
Special Education	10,833,943		6,016,257	(4,817,686)		(4,817,686)
Other Special Instruction	1,443,328			(1,443,328)		(1,443,328)
Other Instruction	2,599,252		880,543	(1,718,709)		(1,718,709)
Support Services:						
Tuition	3,183,825		824,420	(2,359,405)		(2,359,405)
Student and Instruction Related Services	19,704,944		5,140,907	(14,564,037)		(14,564,037)
General Administrative Services	1,460,576		111,925	(1,348,651)		(1,348,651)
School Administrative Services	5,697,263		1,322,463	(4,374,800)		(4,374,800)
Central Services	1,949,222		102,868	(1,846,354)		(1,846,354)
Administrative Information Technology	1,146,112			(1,146,112)		(1,146,112)
Plant Operations and Maintenance	11,023,920			(11,023,920)		(11,023,920)
Pupil Transportation	3,425,972	956,650	803,680	(1,665,642)		(1,665,642)
Interest on Long-Term Debt	1,606,083			(1,606,083)		(1,606,083)
Total Governmental Activities	120,642,729	1,089,147	31,578,936	(87,974,646)		(87,974,646)
Business-Type Activities:						
Field Rental/Joint Facilities	100,600	52,280			\$ (48,320)	(48,320)
Food Service	807,173	862,892			55,719	55,719
Total Business-Type Activities	907,773	915,172			7,399	7,399

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	\$ 121,550,502	\$ 2,004,319	\$ 31,578,936	\$ (87,974,646)	\$ 7,399	\$ (87,967,247)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				84,264,875		84,264,875
Taxes Levied for Debt Service				5,114,771		5,114,771
Federal, State and Local Aid not Restricted				920,995		920,995
Interest Earnings				199,243	1,088	200,331
Miscellaneous Income				546,808		546,808
Total General Revenues				91,046,692	1,088	91,047,780
Change in Net Position				3,072,046	8,487	3,080,533
Net Position - Beginning				9,495,331	477,420	9,972,751
Net Position - Ending				\$ 12,567,377	\$ 485,907	\$ 13,053,284

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, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 6,968,018	\$ 311,582	\$ 2,959,312	\$ 192,716	\$ 10,431,628
Interfund Receivable				123,175	123,175
Receivables From State Government	1,198,662				1,198,662
Receivables From Federal Government		227,342			227,342
Other Accounts Receivable	52,494				52,494
Restricted Cash and Cash Equivalents	4,889,680				4,889,680
Total Assets	<u>\$ 13,108,854</u>	<u>\$ 538,924</u>	<u>\$ 2,959,312</u>	<u>\$ 315,891</u>	<u>\$ 16,922,981</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable			\$ 123,175		\$ 123,175
Accounts Payable	782,240	\$ 280,433	180,559		1,243,232
Payable to State Government		56,565			56,565
Unearned Revenue	811,970	201,926			1,013,896
Total Liabilities	<u>1,594,210</u>	<u>538,924</u>	<u>303,734</u>		<u>2,436,868</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	3,109,617				3,109,617
Emergency Reserve	450,000				450,000
Maintenance Reserve	1,330,063				1,330,063
Excess Surplus - For 2020-2021	2,242,000				2,242,000
Excess Surplus - For 2019-2020	1,842,000				1,842,000
Capital Projects			2,655,578		2,655,578
Debt Service				\$ 315,891	315,891
Assigned:					
Other Purposes	518,194				518,194
Unassigned	2,022,770				2,022,770
Total Fund Balances	<u>11,514,644</u>		<u>2,655,578</u>	<u>315,891</u>	<u>14,486,113</u>
Total Liabilities and Fund Balances	<u>\$ 13,108,854</u>	<u>\$ 538,924</u>	<u>\$ 2,959,312</u>	<u>\$ 315,891</u>	<u>\$ 16,922,981</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

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

Total Fund Balances from previous page	\$ 14,486,113
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	76,881,656
Bond Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are sold.	(2,051,790)
Deferred Amount on Refunding is not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure	817,535
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(773,078)
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.	(74,233,507)
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>(2,559,552)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u><u>\$ 12,567,377</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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 84,264,875			\$ 5,114,771	\$ 89,379,646
Tuition from Individuals	132,497				132,497
Transportation Fees From Individuals	956,650				956,650
Interest Earned on Capital Reserve Funds	41,222				41,222
Miscellaneous	581,654	\$ 254,536	\$ 123,175		959,365
Total - Local Sources	85,976,898	254,536	123,175	5,114,771	91,469,380
State Sources	19,269,004	351,481		547,778	20,168,263
Federal Sources		1,422,070			1,422,070
Total Revenues	105,245,902	2,028,087	123,175	5,662,549	113,059,713
EXPENDITURES:					
Current:					
Regular Instruction	32,649,209	357,596			33,006,805
Special Education Instruction	5,962,581	57,476			6,020,057
Other Special Instruction	1,442,016				1,442,016
School-Sponsored/Other Instruction	1,391,726				1,391,726
Support Services and Undistributed Costs:					
Tuition	2,359,405	824,420			3,183,825
Student/Other Instruction Related Services	11,088,727	610,781			11,699,508
General Administrative Services	1,158,228				1,158,228
School Administrative Services	3,405,865				3,405,865
Central Services	1,038,973				1,038,973
Administrative Information Technology	825,688				825,688
Plant Operations and Maintenance	8,867,111				8,867,111
Student Transportation	3,059,189				3,059,189
Unallocated Benefits	29,554,441				29,554,441
Capital Outlay	3,137,166	177,814	9,997,159		13,312,139
Debt Service:					
Principal				3,865,000	3,865,000
Interest and Other Charges				1,837,039	1,837,039
Total Expenditures	105,940,325	2,028,087	9,997,159	5,702,039	123,667,610
Excess/(Deficit) of Revenue Over/(Under)					
Expenditures	(694,423)		(9,873,984)	(39,490)	(10,607,897)
Other Financing Sources/(Uses):					
Capital Leases (Non-budgeted)	1,687,904				1,687,904
Capital Leases - Defeased	(1,470,476)				(1,470,476)
Capital Leases - Refinanced	1,470,476				1,470,476
Transfers	215,622		(338,797)	123,175	
Total Other Financing Sources/(Uses)	1,903,526		(338,797)	123,175	1,687,904

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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	\$ 1,209,103		\$(10,212,781)	\$ 83,685	\$ (8,919,993)
Fund Balance - July 1	<u>10,305,541</u>		<u>12,868,359</u>	<u>232,206</u>	<u>23,406,106</u>
Fund Balance - June 30	<u><u>\$ 11,514,644</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 2,655,578</u></u>	<u><u>\$ 315,891</u></u>	<u><u>\$ 14,486,113</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, 2019

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (8,919,993)

Amounts reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and deletions differ from capital outlays in the period.

	Depreciation Expense	\$ (2,349,251)	
	Disposal of Capital Assets, Net of Accumulated Depreciation	(360,919)	
	Capital Outlays	<u>11,752,356</u>	9,042,186

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 (+). 69,571

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. 3,865,000

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. (1,687,904)

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. 1,095,805

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. (94,333)

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 (+). (84,021)

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	3,716,224	
Changes in Deferred Outflows and Inflows Related to Pensions	<u>(4,186,207)</u>	

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 3,072,046

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Business-Type Activities Non-Major Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 451,815
Other Accounts Receivable	1,698
Inventories	14,949
Total Current Assets	<u>468,462</u>
Non-Current Assets:	
Capital Assets	218,260
Less: Accumulated Depreciation	<u>(109,311)</u>
Total Non-Current Assets	<u>108,949</u>
Total Assets	<u>577,411</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	54,762
Unearned Revenue	36,742
Total Current Liabilities	<u>91,504</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	108,949
Unrestricted	<u>376,958</u>
Total Net Position	<u>\$ 485,907</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, 2019

	Business-Type Activities
	Non-Major Funds
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 805,384
Program Fees	52,280
Special Events	4,450
Miscellaneous Revenue	53,058
Total Operating Revenue	915,172
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	371,310
Salaries, Benefits & Payroll Taxes	285,172
Purchased Professional and Technical Services	63,997
Other Purchased Services	28,949
Cleaning, Repair and Maintenance Services	106,300
Supplies and Materials	36,240
Miscellaneous Expense	4,218
Depreciation Expense	11,587
Total Operating Expenses	907,773
Operating Income	7,399
Non-Operating Revenue:	
Local Sources:	
Interest Income	1,088
Total Non-Operating Revenue	1,088
Change in Net Position	8,487
Net Position - Beginning of Year	477,420
Net Position - End of Year	\$ 485,907

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, 2019

	Business-Type Activities Non-Major Funds
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 925,585
Payments to Food Service Contractors	(789,831)
Payments to Suppliers	(116,753)
Net Cash Provided by Operating Activities	19,001
Cash Flows from Investing Activities:	
Interest Income	1,088
Net Cash Provided by Investing Activities	1,088
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(45,802)
Net Cash Used for Capital and Related Financing Activities	(45,802)
Net Decrease in Cash and Cash Equivalents	(25,713)
Cash and Cash Equivalents, July 1	477,528
Cash and Cash Equivalents, June 30	\$ 451,815
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 7,399
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	11,587
Changes in Assets and Liabilities:	
(Increase) in Other Accounts Receivable	(1,698)
(Increase) in Inventory	(4,583)
Decrease) in Accounts Payable	(5,815)
Increase in Unearned Revenue	12,111
Net Cash Provided by Operating Activities	\$ 19,001

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, 2019

	<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	\$ 554,148	\$ 462,403	\$ 104,941	
Total Assets	<u>554,148</u>	<u>462,403</u>	<u>104,941</u>	
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	146,475			
Due to Student Groups	<u>407,673</u>			
Total Liabilities	<u>554,148</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		462,403		
Flexible Spending Claims			<u>104,941</u>	
Total Net Position	<u>\$ -0-</u>	<u>\$ 462,403</u>	<u>\$ 104,941</u>	<u>\$ -0-</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, 2019

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 78,077	\$ 232,041	
Total Contributions	<u>78,077</u>	<u>232,041</u>	
Total Additions	<u>78,077</u>	<u>232,041</u>	
DEDUCTIONS:			
Unemployment Benefit Claims	95,351		
Flexible Spending Claims		235,911	
Scholarships Awarded			\$ 1,834
Total Deductions	<u>95,351</u>	<u>235,911</u>	<u>1,834</u>
Change in Net Position	(17,274)	(3,870)	(1,834)
Net Position - Beginning of the Year	<u>479,677</u>	<u>108,811</u>	<u>\$ 1,834</u>
Net Position - End of the Year	<u>\$ 462,403</u>	<u>\$ 104,941</u>	<u>\$ -0-</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, 2019

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, 2019
(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, 2019
(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, 2019
(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, 2019 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	\$ 105,341,461	\$ 2,132,013
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		(146,327)
Prior Year Encumbrances		42,401
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	210,186	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(305,745)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 105,245,902	\$ 2,028,087

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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	\$ 105,940,325	\$ 2,132,013
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		(146,327)
Prior Year Encumbrances		42,401
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 105,940,325	\$ 2,028,087

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, 2019
(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, 2019.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 premiums 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, 2019.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by 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, 2019

(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 \$11,514,644 General Fund balance at June 30, 2019, \$518,194 is assigned for year-end encumbrances; \$3,109,617 is restricted in the capital reserve account; \$1,330,063 is restricted in a maintenance reserve; \$450,000 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, 2020; \$2,242,000 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, 2021; and \$2,022,770 is unassigned, which is \$305,745 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, 2020.

Capital Projects Fund: The \$2,655,578 fund balance in the Capital Projects Fund at June 30, 2019 is restricted for Capital Projects.

Debt Service Fund: Of the \$315,891 restricted fund balance in the Debt Service Fund at June 30, 2019, \$192,716 is anticipated revenue for the fiscal year ended June 30, 2020 and 123,175 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, 2019

(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 \$27,251,342 in its governmental activities, which is primarily due to deferred inflows, outflows and liabilities related to pensions and compensated absences. 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, 2019.

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, 2019
(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 no committed funds at June 30, 2019.

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 \$518,194 of assigned resources for year-end encumbrances in the General Fund at June 30, 2019.

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 year-end: property taxes, interest and tuition.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019
(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, 2019
(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, 2019, cash and cash equivalents of the District consisted of the following:

	<u>Restricted Cash and Cash Equivalents</u>			<u>Cash and Cash Equivalents</u>	<u>Total</u>
	<u>Capital Reserve</u>	<u>Emergency Reserve</u>	<u>Maintenance Reserve</u>		
Checking/Money Market Accounts	\$ 800,000	\$ 450,000	\$ 1,330,063	\$ 9,792,102	\$ 12,372,165
NJ ARM	2,309,617			2,212,833	4,522,450
	<u>\$ 3,109,617</u>	<u>\$ 450,000</u>	<u>\$ 1,330,063</u>	<u>\$12,004,935</u>	<u>\$ 16,894,615</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, 2019, was \$16,894,615 and the bank balance was \$20,400,915. The balance of \$4,522,450 in NJ ARM is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

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

Beginning Balance, July 1, 2018	\$ 2,268,395
Add: Interest Earnings	41,222
Transfer from Unassigned Fund Balance per Board Resolution - June 18, 2019	800,000
Ending Balance, June 30, 2019	\$ 3,109,617

The balance in the capital reserve account at June 30, 2019 does not exceed the local support costs of uncompleted capital projects in the District's approved LRFP.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 109,045			\$ 109,045
Construction in Progress	12,940,263	\$9,997,159		22,937,422
Total Capital Assets Not Being Depreciated	13,049,308	9,997,159		23,046,467
Capital Assets Being Depreciated:				
Site Improvements	6,609,060	88,265		6,697,325
Buildings and Building Improvements	81,789,483	665,524		82,455,007
Machinery and Equipment	6,655,614	1,001,408	\$(1,005,998)	6,651,024
Total Capital Assets Being Depreciated	95,054,157	1,755,197	(1,005,998)	95,803,356
Governmental Activities Capital Assets	108,103,465	11,752,356	(1,005,998)	118,849,823

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Less Accumulated Depreciation for:				
Site Improvements	\$(2,647,226)	\$ (293,446)		\$(2,940,672)
Buildings and Building Improvements	(33,836,996)	(1,558,780)		(35,395,776)
Machinery and Equipment	(3,779,773)	(497,025)	\$ 645,079	(3,631,719)
	<u>(40,263,995)</u>	<u>(2,349,251)</u>	<u>645,079</u>	<u>(41,968,167)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$67,839,470</u>	<u>\$9,403,105</u>	<u>\$ (360,919)</u>	<u>\$76,881,656</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 181,458	\$ 45,802	\$ (9,000)	\$ 218,260
Less: Accumulated Depreciation	(106,724)	(11,587)	9,000	(109,311)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 74,734</u>	<u>\$ 34,215</u>	<u>\$ -0-</u>	<u>\$ 108,949</u>

The District expended \$11,798,158 on various capital projects during the fiscal year, which included \$9,997,159 of construction projects in progress. The District disposed of assets with a net carrying value of \$360,919 from its governmental and business-type activities. The District has \$30,076,000 in active construction projects, with an unexpended balance of \$2,655,578 of which \$821,635 represents open encumbrances as of June 30, 2019.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,632,947
Special Education Instruction	223,511
Student and Other Instruction Related Services	51,358
General Administration	38,330
School Administration	72,777
Central Services	1,077
Administrative Information Technology	179,540
Operations and Maintenance of Plant	117,009
Student Transportation	32,702
	<u>\$ 2,349,251</u>

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	\$ 376,390
June 30, 2020	354,385
June 30, 2021	50,899
June 30, 2022	28,628
June 30, 2023	6,948
Total future minimum lease payments	<u>\$ 817,250</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2018	Accrued	Retired	Balance 6/30/2019
Serial Bonds Payable	\$ 47,762,000		\$ 3,865,000	\$ 43,897,000
Unamortized Bond Issuance Premium	2,307,508		255,718	2,051,790
Capital Leases Payable	5,336,522	\$ 1,687,904	1,095,805	5,928,621
Compensated Absences Payable	1,805,635	265,700	181,679	1,889,656
Net Pension Liability	26,234,454		3,716,224	22,518,230
	<u>\$ 83,446,119</u>	<u>\$ 1,953,604</u>	<u>\$ 9,114,426</u>	<u>\$ 76,285,297</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 became a 5th grade school known as the Washington School, health and safety improvements in all District buildings, and the construction/renovation of innovative research and design spaces at all seven schools. On December 6, 2016, the District issued serial bonds of \$25,593,000 with interest rates ranging from 3.5% to 4.0% to fund the referendum projects. The bonds mature on August 1, 2018 through 2041 and are non-callable until after August 1, 2027.

The District had bonds outstanding as of June 30, 2019 as follows:

Purpose	<u>Serial Bonds</u>		
	Final Maturity Date	Interest Rate	Amount
School Bonds	07/15/19	5.35%	\$ 1,149,000
Refunding Bonds	01/15/22	3.70%	2,425,000
Refunding Bonds	09/15/23	4.00%	3,795,000
Refunding Bonds	07/15/27	4.00%-5.00%	11,135,000
School Bonds	08/01/41	3.50%-4.00%	25,393,000
			<u>\$ 43,897,000</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

A. Bonds Payable: (Cont'd)

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

Fiscal Year Ending June 30,	Bonds		
	Principal	Interest	Total
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
2024	3,200,000	1,109,245	4,309,245
Thereafter 5 Years (2025-2029)	11,150,000	3,901,600	15,051,600
Thereafter 5 Years (2030-2034)	6,000,000	2,321,100	8,321,100
Thereafter 5 Years (2035-2039)	6,000,000	1,261,350	7,261,350
Thereafter 3 Years (2040-2042)	3,543,000	210,300	3,753,300
	<u>\$ 43,897,000</u>	<u>\$ 14,622,211</u>	<u>\$ 58,519,211</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2019, 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 portion of \$1,796,072.

D. Capital Leases Payable:

The District is leasing laptops, computers and other related technology equipment and a school bus under capital leases valued at \$5,339,888, of which \$2,979,378 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, 2019, \$914,889 has matured and been repaid.

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

D. Capital Leases Payable: (Cont'd)

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2019.

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 1,197,113
2021	1,192,695
2022	1,158,702
2023	310,033
2024	317,079
Thereafter 5 Years (2025-2029)	1,697,313
Thereafter 3 Years (2030-2032)	<u>826,989</u>
	6,699,924
Less: Amount Representing Interest	<u>(771,303)</u>
Present Value Net of Minimum Lease Payments	<u><u>\$ 5,928,621</u></u>

The current portion of capital leases payable at June 30, 2019 is \$1,502,960 and the long-term portion is \$4,425,661. 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, 2019 is \$1,889,656, none of which represents a current liability; therefore, the entire balance is reported as a long-term liability. The General Fund will be used to liquidate compensated absences payable. There is no liability for compensated absences in the Proprietary fund types.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$22,518,230. See Note 8 for further information on the PERS.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement 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.state.nj.us/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 1/55th 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 1/60th 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.

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began 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 \$1,151,998 for fiscal year 2019. The employee contribution rate was 7.50% effective 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 \$37,438 of its deferred pension liability during the current fiscal year.

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

At June 30, 2019, the District reported a liability of \$22,518,230 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.114%, which was an increase of 0.002% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$1,621,377. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 178,233	
	2015	5.72	804,437	
	2016	5.57	2,727,961	
	2017	5.48		\$ 4,151,065
	2018	5.63		3,049,067
				3,710,631
Changes in Proportion	2014	6.44	175,474	
	2015	5.72	10,882	
	2016	5.57	676,388	
	2017	5.48		344,275
	2018	5.63	309,387	
				1,172,131

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual	2015	5.00		\$ (136,071)
Investment Earnings on Pension Plan Investments	2016	5.00		(760,700)
	2017	5.00		684,668
	2018	5.00		423,325
				211,222
Difference Between Expected and Actual Experience	2015	5.72	\$ 223,188	
	2016	5.57	82,786	
	2017	5.48	123,452	
	2018	5.63		116,111
			429,426	116,111
District Contribution Subsequent to the Measurement Date	2019	1.00	1,218,003	
			\$ 6,530,191	\$ 7,871,740

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:

Fiscal Year Ending June 30,	Total
2019	\$ 156,288
2020	(216,383)
2021	(1,551,642)
2022	(1,344,988)
2023	(430,683)
	\$ (3,387,408)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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%

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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%

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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>
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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 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:

	<u>June 30, 2018</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the Net Pension Liability	\$ 28,314,079	\$ 22,518,230	\$ 17,655,883

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 plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Service retirement benefits of 1/55th 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 1/60th 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.

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)

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 2019, the State's pension contribution was less than the actuarially determined amount.

Special Funding Situation

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 2019, the State of New Jersey contributed \$8,043,783 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$15,309,011.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$262,605,992. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.413%, which was an increase of 0.0002% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>262,605,992</u>
Total	<u>\$ 262,605,992</u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$15,309,011 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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	8.50	\$ 1,076,424,469	
	2015	8.30	3,063,649,492	
	2016	8.30	6,913,685,892	
	2017	8.30		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.50		10,252,211
	2015	8.30	189,214,650	
	2016	8.30		85,977,601
	2017	8.30	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual	2015	5.00		(192,642,062)
Actual Investment Earnings on Pension	2016	5.00		(863,710,381)
Plan Investments	2017	5.00		678,024,787
	2018	5.00		384,121,486
				<u>5,793,830</u>
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	<u>\$ (3,706,774,773)</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2026	1.55% – 4.55%
Thereafter	2.00% – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (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>
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 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 2040. Therefore, the long-term expected rate of return on pension 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.

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, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2018</u>		
	<u>1% Decrease (3.86%)</u>	<u>Current Discount Rate (4.86%)</u>	<u>1% Increase (5.86%)</u>
Stat's Proportionate Share of the Net Pension Liability Associated with the District	\$ 310,395,296	\$ 262,605,992	\$ 222,989,824

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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 \$38,339 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$50,137 for the fiscal year ended June 30, 2019.

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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, 2019 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, 2018 is as follows:

Total Assets	<u>\$ 20,370,655</u>
Net Position	<u>\$ 9,734,872</u>
Total Revenue	<u>\$ 7,318,956</u>
Total Expenses	<u>\$ 5,707,675</u>
Change in Net Position	<u>\$ 1,611,281</u>
Members Dividends	<u>\$ 1,402,434</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.

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</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018-2019	\$ -0-	\$ -0-	\$ 78,077	\$ 95,351	\$ 462,403
2017-2018	-0-	-0-	78,898	41,995	479,677
2016-2017	-0-	-0-	76,231	46,856	442,774

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

Fund	Interfund Receivable	Interfund Payable
Capital Projects Fund		\$ 123,175
Debt Service Fund	\$ 123,175	
	\$ 123,175	\$ 123,175

The interfund payable in the Capital Projects Fund is comprised of current and prior years' interest due to the Debt Service Fund.

During the fiscal year, the District transferred \$123,175 of interest earned in the Capital Projects Fund to the Debt Service Fund and \$215,622 of completed projects in the Capital Projects Fund to the General 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
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AXA Equitable, Lincoln Investment Planning and VALIC 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.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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, 2019, 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
\$ 518,194	\$ 146,327	\$ 821,635	\$ 1,486,156

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$146,327 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 \$821,635 year-end encumbrances in the Capital Projects Fund are included in the \$2,655,578 restricted fund balance.

NOTE 15. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2019 consisted of the following:

	Governmental Funds			District Contribution	Total	Business- Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund	Subsequent to the Measure- ment Date	Governmental Activities	Proprietary Funds
State of New Jersey		\$ 99,877		\$ 1,218,003	\$ 1,317,880	
Salaries	\$ 203,654	9,462			213,116	
Vendors	578,586	171,094	\$ 180,559		930,239	\$ 54,762
	\$ 782,240	\$ 280,433	\$ 180,559	\$ 1,218,003	\$ 2,461,235	\$ 54,762

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 16. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, the District transferred \$780,838 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 1st and June 30th. 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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 700,000
Less: Budgeted Withdrawals	<u>(250,000)</u>
Ending Balance, June 30, 2019	<u>\$ 450,000</u>

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 18. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2018	\$ 1,005,359
Add: Transfer from Unassigned Fund Balance per Board Resolution	574,704
Less: Withdrawal per Board Resolution	<u>(250,000)</u>
Ending Balance, June 30, 2019	<u>\$ 1,330,063</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 Codification Section P50, 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. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. 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.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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)

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.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

B. Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	217,131
Total	362,181

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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.

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.

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(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 (Cont'd)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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 rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. 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, 2019

(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 Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 148,909,329
Changes for Year:	
Service Cost	5,906,639
Interest on the Total OPEB Liability	5,481,306
Difference between Actual and Expected Experience	(8,134,431)
Changes of Assumptions	(15,309,398)
Gross Benefit Payments by the State	(3,567,320)
Contributions from Members	123,292
Net Changes	(15,499,912)
Balance at June 30, 2018	\$ 133,409,417

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, 2018, 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, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 157,717,088	\$ 133,409,417	\$ 114,087,328

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, 2018, 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, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 110,270,653	\$ 133,409,417	\$ 164,011,318

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 and Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$7,114,857 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 Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, 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, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	<u>Deferral Year</u>	<u>Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ 16,204,825
	2018	9.51		13,699,578
			<u> </u>	<u>29,904,403</u>
Differences between Expected and Actual Experience	2018	9.51		12,950,363
Changes in Proportion	N/A	N/A	\$ 6,663,080	
			<u>\$ 6,663,080</u>	<u>\$42,854,766</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2019	\$ (5,280,784)
2020	(5,280,784)
2021	(5,280,784)
2022	(5,280,784)
2023	(5,280,784)
Thereafter	<u>(16,450,846)</u>
	<u>\$ (42,854,766)</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	0.10761688%	0.10780490%	0.11518533%	0.11269869%	0.11436668%
District's Proportionate Share of the Net Pension Liability	\$ 20,148,822	\$ 24,200,039	\$ 34,114,590	\$ 26,234,454	\$ 22,518,230
District's Covered Employee Payroll	\$ 7,249,288	\$ 7,677,902	\$ 7,774,941	\$ 7,917,692	\$ 7,973,891
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	277.94%	315.19%	438.78%	331.34%	282.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 887,178	\$ 926,833	\$ 1,032,163	\$ 1,070,057	\$ 1,151,998
Contributions in relation to the Contractually Required Contribution	(887,178)	(926,833)	(1,032,163)	(1,070,057)	(1,151,998)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 7,486,196	\$ 7,249,288	\$ 7,677,902	\$ 7,774,941	\$ 7,917,692
Contributions as a Percentage of Covered Employee Payroll	11.85%	12.79%	13.44%	13.76%	14.55%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's Proportion of the Net Pension Liability Attributable to the District	0.3926406613%	0.4068492581%	0.4113368574%	0.4125498369%	0.4127866375%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 209,853,654	\$ 257,146,105	\$ 323,583,762	\$ 278,155,976	\$ 262,605,992
District's Covered Employee Payroll	\$ 41,199,177	\$ 42,109,191	\$ 41,787,246	\$ 42,619,709	\$ 41,940,799
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%	652.65%	626.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%

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 STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 11,292,097	\$ 15,701,085	\$ 24,312,817	\$ 19,269,238	\$ 15,309,011
Contributions in relation to the contractually required contribution	<u>(2,199,576)</u>	<u>(3,293,323)</u>	<u>(4,478,121)</u>	<u>(6,078,890)</u>	<u>(8,043,783)</u>
Contribution deficiency/(excess)	<u>\$ 9,092,521</u>	<u>\$ 12,407,762</u>	<u>\$ 19,834,696</u>	<u>\$ 13,190,348</u>	<u>\$ 7,265,228</u>
District's covered employee payroll	\$ 42,109,191	\$ 41,787,246	\$ 42,619,709	\$ 41,940,799	\$ 43,748,623
Contributions as a percentage of covered employee payroll	5.22%	7.88%	10.51%	14.49%	18.39%

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 DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending	
	2017	2018
Total OPEB Liability		
Service Cost	\$ 7,122,113	\$ 5,906,639
Interest Cost	4,716,209	5,481,306
Differences between Expected and Actual Experience		(8,134,431)
Changes in Assumptions	(19,615,191)	(15,309,398)
Member Contributions	127,003	123,292
Gross Benefit Payments	(3,449,056)	(3,567,320)
Net Change in Total OPEB Liability	(11,098,922)	(15,499,912)
Total OPEB Liability - Beginning	160,008,251	148,909,329
Total OPEB Liability - Ending	\$ 148,909,329	\$ 133,409,417
District's Covered Employee Payroll	\$ 49,562,187	\$ 50,537,401
Total OPEB Liability as a Percentage of Covered Employee Payroll	300%	264%

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, 2019
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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 mortality rates utilized in the July 1, 2017 valuation were as follows: 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

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

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

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 mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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.

BUDGETARY COMPARISON SCHEDULES

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 84,264,875		\$ 84,264,875	\$ 84,264,875	
Tuition From Individuals	105,000		105,000	132,497	\$ 27,497
Transportation Fees From Individuals	750,000		750,000	956,650	206,650
Interest Earned on Capital Reserve Funds	70		70	41,222	41,152
Interest Earned on Maintenance Reserve Funds	10		10		(10)
Interest Earned on Emergency Reserve Funds	20		20		(20)
Unrestricted Miscellaneous Revenue	240,000		240,000	581,654	341,654
Total - Local Sources	85,359,975		85,359,975	85,976,898	616,923
State Sources:					
Transportation Aid	788,722		788,722	788,722	
Special Education Aid	1,993,839		1,993,839	1,993,839	
Security Aid	389,098		389,098	389,098	
Extraordinary Special Education Costs Aid	500,000		500,000	967,093	467,093
Extraordinary Special Education Costs Aid - Excess Prior Year				2,254	2,254
Excess Nonpublic School Transportation Costs				77,050	77,050
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				3,725,023	3,725,023
On-Behalf TPAF Pension Contributions (Non-Budgeted)				8,043,783	8,043,783
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				168,377	168,377
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				6,210	6,210
TPAF Social Security (Reimbursed - Non-Budgeted)				3,203,114	3,203,114
Total State Sources	3,671,659		3,671,659	19,364,563	15,692,904
Total Revenues	89,031,634		89,031,634	105,341,461	16,309,827

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 203,501	\$ (24,174)	\$ 179,327	\$ 168,951	\$ 10,376
Kindergarten - Salaries of Teachers	1,636,608	9,768	1,646,376	1,645,933	443
Grades 1-5 - Salaries of Teachers	10,201,311	(353,239)	9,848,072	9,847,980	92
Grades 6-8 - Salaries of Teachers	6,997,830	205	6,998,035	6,969,787	28,248
Grades 9-12 - Salaries of Teachers	10,004,919	(301,679)	9,703,240	9,702,966	274
Regular Programs - Home Instruction:					
Salaries of Teachers	33,000	(390)	32,610	18,135	14,475
Purchased Professional-Educational Services	5,000	33,390	38,390	38,390	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	195,289	(78,863)	116,426	116,420	6
Purchased Professional-Educational Services	117,325	710,159	827,484	818,951	8,533
Purchased Technical Services	726,830	257,576	984,406	976,749	7,657
Other Purchased Services (400-500 series)	946,683	125,647	1,072,330	1,070,581	1,749
General Supplies	966,357	35,989	1,002,346	990,262	12,084
Textbooks	354,672	(69,428)	285,244	284,104	1,140
Total Regular Programs - Instruction	<u>32,389,325</u>	<u>344,961</u>	<u>32,734,286</u>	<u>32,649,209</u>	<u>85,077</u>
Special Education - Instruction:					
Cognitive - Moderate:	2,550		2,550		2,550
Purchased Professional-Educational Services	2,550		2,550		2,550
Total Cognitive - Moderate					
Learning and/or Language Disabilities:					
Salaries of Teachers	252,964	(61,730)	191,234	191,234	
Purchased Professional-Educational Services	8,000	4,174	4,174	4,174	
General Supplies	1,000		8,000	7,188	812
Textbooks	261,964	(57,556)	1,000	1,000	1,000
Total Learning and/or Language Disabilities			<u>204,408</u>	<u>202,596</u>	<u>1,812</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction: (Cont'd)					
Auditory Impairments:					
Salaries of Teachers	\$ 88,830	\$ 3,836	\$ 92,666	\$ 92,666	
Purchased Professional-Educational Services		121	121	121	
General Supplies	500		500	96	404
Total Auditory Impairments	89,330	3,957	93,287	92,883	404
Multiple Disabilities:					
Salaries of Teachers	230,418	(27,587)	202,831	202,831	
Other Salaries for Instruction	96,045	(35,311)	60,734	60,732	2
Purchased Professional-Educational Services		3,111	3,111	3,111	
General Supplies	200	(1)	199	196	3
Textbooks	300		300	300	
Total Multiple Disabilities	326,963	(59,788)	267,175	266,870	305
Resource Room/Resource Center:					
Salaries of Teachers	4,758,587	(98,856)	4,659,731	4,649,779	9,952
Purchased Professional-Educational Services		92,940	92,940	91,527	1,413
General Supplies	23,100		23,100	23,006	94
Textbooks	20,000	(8,891)	11,109	10,373	736
Total Resource Room/Resource Center	4,801,687	(14,807)	4,786,880	4,774,685	12,195
Autism:					
Salaries of Teachers	206,195	56,201	262,396	262,396	
Other Salaries for Instruction	61,360	4,048	65,408	35,464	29,944
Purchased Professional-Educational Services		4,982	4,982	4,982	
General Supplies	3,000	(632)	2,368	2,280	88
Total Autism	270,555	64,599	335,154	305,122	30,032

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 59,881	\$ (14,385)	\$ 45,496	\$ 45,496	
Other Salaries for Instruction	58,000	25,806	83,806	83,381	\$ 425
General Supplies	2,500	22	2,522	2,001	521
Total Preschool Disabilities - Part-Time	<u>120,381</u>	<u>11,443</u>	<u>131,824</u>	<u>130,878</u>	<u>946</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	67,130	146,157	213,287	93,577	119,710
Other Salaries for Instruction	62,056	(31,789)	30,267	30,266	1
Purchased Professional-Educational Services		888	888	888	
General Supplies	521	(21)	500		500
Total Preschool Disabilities - Full-Time	<u>129,707</u>	<u>115,235</u>	<u>244,942</u>	<u>124,731</u>	<u>120,211</u>
Home Instruction:					
Salaries of Teachers	50,000		50,000	17,989	32,011
Purchased Professional-Educational Services	35,000	12,000	47,000	46,827	173
Total Home Instruction	<u>85,000</u>	<u>12,000</u>	<u>97,000</u>	<u>64,816</u>	<u>32,184</u>
Total Special Education - Instruction	<u>6,088,137</u>	<u>75,083</u>	<u>6,163,220</u>	<u>5,962,581</u>	<u>200,639</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,108,916	(133,255)	975,661	975,661	
Purchased Professional-Educational Services		83,392	83,392	83,392	
General Supplies	4,000	(1,272)	2,728	2,356	372
Total Basic Skills/Remedial - Instruction	<u>1,112,916</u>	<u>(51,135)</u>	<u>1,061,781</u>	<u>1,061,409</u>	<u>372</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 347,988	\$ 6,147	\$ 354,135	\$ 354,135	
Purchased Professional-Educational Services		24,471	24,471	24,471	
General Supplies	2,000	1	2,001	2,001	
Total Bilingual Education - Instruction	349,988	30,619	380,607	380,607	
School Sponsored Cocurricular Activities:					
Salaries	359,640	(8,060)	351,580	337,536	\$ 14,044
Other Objects	91,700	519	92,219	92,219	
Total School-Sponsored Cocurricular Activities	451,340	(7,541)	443,799	429,755	14,044
School-Sponsored Athletics:					
Salaries	789,793	(26,585)	763,208	738,180	25,028
Purchased Services (300-500 series)	143,929	(4,054)	139,875	127,824	12,051
Supplies and Materials	92,895	(24,796)	68,099	67,067	1,032
Other Objects	17,575	(5,738)	11,837	11,219	618
Total School-Sponsored Athletics	1,044,192	(61,173)	983,019	944,290	38,729
Community Services Programs:					
Salaries	36,000		36,000	17,681	18,319
Total Community Services Programs	36,000		36,000	17,681	18,319
Total Instruction	41,471,898	330,814	41,802,712	41,445,532	357,180
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	373,885	(3,885)	370,000	293,677	76,323
Tuition to County Vocational School - Special	46,200		46,200	25,500	20,700
Tuition to Private Schools for the Handicapped Within State	2,050,000	(197,936)	1,852,064	1,733,606	118,458
Tuition to Private Schools for the Handicapped Outside State	385,000	(78,378)	306,622	306,622	
Total Undistributed Expenditures - Instruction	2,855,085	(280,199)	2,574,886	2,359,405	215,481

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 732,982	\$ (50,137)	\$ 682,845	\$ 682,845	
Purchased Professional and Technical Services	34,900	(1,180)	33,720	23,320	\$ 10,400
Other Purchased Services (400-500 series)	100		100		100
Supplies and Materials	23,193	(4,381)	18,812	18,812	
Other Objects	1,850	131	1,981	1,731	250
Total Health Services	793,025	(55,567)	737,458	726,708	10,750
Speech, OT, PT & Related Services:					
Salaries	1,430,373	(50,750)	1,379,623	1,379,562	61
Purchased Professional - Educational Services	195,000	(74,361)	120,639	120,241	398
Supplies and Materials	8,800	(37)	8,763	8,658	105
Total Speech, OT, PT & Related Services	1,634,173	(125,148)	1,509,025	1,508,461	564
Other Support Services - Extraordinary Services:					
Salaries	2,215,826	346,015	2,561,841	2,553,581	8,260
Purchased Professional - Educational Services		58,625	58,625	58,625	
Supplies and Materials	800	4,906	5,706	5,706	
Total Other Support Services - Extraordinary Services	2,216,626	409,546	2,626,172	2,617,912	8,260
Guidance:					
Salaries of Other Professional Staff	1,211,615	(167,629)	1,043,986	1,039,585	4,401
Salaries of Secretarial and Clerical Assistants	196,701	(67)	196,634	196,634	
Other Salaries	66,155	(5,236)	60,919	60,528	391
Purchased Professional-Educational Services		10,209	10,209	9,454	755
Other Purchased Services (400-500 series)	2,500	(812)	1,688	1,071	617
Total Guidance	1,476,971	(163,535)	1,313,436	1,307,272	6,164

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Child Study Team:					
Salaries of Other Professional Staff	\$ 2,644,074	\$ (280,572)	\$ 2,363,502	\$ 2,363,354	\$ 148
Salaries of Secretarial and Clerical Assistants	288,112	(14,276)	273,836	273,374	462
Purchased Professional - Educational Services		74,288	74,288	74,288	
Other Purchased Professional and Technical Services	90,000	(22,164)	67,836	67,836	
Miscellaneous Purchased Services (400-500 series)	2,700		2,700	1,961	739
Supplies and Materials	58,700	(9,533)	49,167	49,023	144
Other Objects	5,000		5,000	2,700	2,300
Total Child Study Team	3,088,586	(252,257)	2,836,329	2,832,536	3,793
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	914,952	(241,176)	673,776	669,277	4,499
Salaries of Other Professional Staff	457,194	66,471	523,665	523,665	
Salaries of Secretarial and Clerical Assistants	72,326	(10,943)	61,383	61,383	
Unused Vacation Payment to Terminated / Retired Staff		20,768	20,768	13,608	7,160
Other Purchased Services (400-500 series)	3,000	2,337	5,337	5,337	
Supplies and Materials	33,000	8,607	41,607	41,185	422
Other Objects	11,000	6,745	17,745	17,691	54
Total Improvement of Instructional Services	1,491,472	(147,191)	1,344,281	1,332,146	12,135
Educational Media Services/School Library:					
Salaries	492,168	21,773	513,941	513,941	
Purchased Professional and Technical Services		7,975	7,975	6,503	1,472
Supplies and Materials	153,878	(36,099)	117,779	117,779	
Total Educational Media Services/School Library	646,046	(6,351)	639,695	638,223	1,472
Instructional Staff Training Services:					
Salaries of Other Professional Staff	20,000	(6,800)	13,200	9,370	3,830
Other Salaries	33,000	(2,219)	30,781	28,476	2,305

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Instructional Staff Training Services: (Cont'd)					
Purchased Professional - Educational Services	\$ 46,290	\$ 17,790	\$ 64,080	\$ 59,303	\$ 4,777
Other Purchased Services (400-500 series)	2,500	3,446	5,946	3,921	2,025
Supplies and Materials	4,200	(431)	3,769	3,608	161
Other Objects	32,132	(10,485)	21,647	20,791	856
Total Instructional Staff Training Services	<u>138,122</u>	<u>1,301</u>	<u>139,423</u>	<u>125,469</u>	<u>13,954</u>
General Administration:					
Salaries	375,161	27,405	402,566	402,377	189
Legal Services	382,000	(187,455)	194,545	183,766	10,779
Audit Fees	55,000	4,500	59,500	59,500	
Architectural/Engineering Services	40,000	130,600	170,600	94,932	75,668
Other Purchased Professional Services	38,000	19,833	57,833	52,308	5,525
Communications/Telephone	130,500	137,099	267,599	265,690	1,909
BOE Other Purchased Services	3,000	1,126	4,126	3,810	316
Miscellaneous Purchased Services (400-500 series)	58,900	(6,692)	52,208	52,208	
General Supplies	5,000	(2,032)	2,968	2,968	
BOE In-House Training/Meeting Supplies	800	(417)	383	383	
Miscellaneous Expenditures	24,000	(11,491)	12,509	11,123	1,386
BOE Membership Dues and Fees	30,000	(837)	29,163	29,163	
Total General Administration	<u>1,142,361</u>	<u>111,639</u>	<u>1,254,000</u>	<u>1,158,228</u>	<u>95,772</u>
School Administration:					
Salaries of Principals/Assistant Principals	1,982,306	(122,587)	1,859,719	1,859,719	
Salaries of Other Professional Staff	494,244	(10,435)	483,809	483,809	
Salaries of Secretarial and Clerical Assistants	831,184	56,087	887,271	887,271	
Other Salaries	3,500	(861)	2,639	2,639	
Unused Vacation Payment to Terminated / Retired Staff		25,928	25,928	25,928	
Supplies and Materials	150,860	(23,809)	127,051	127,014	37

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
School Administration: (Cont'd)	\$ 31,587	\$ (4,088)	\$ 27,499	\$ 19,485	\$ 8,014
Other Objects					
Total School Administration	3,493,681	(79,765)	3,413,916	3,405,865	8,051
Central Services:					
Salaries	893,911	(12,711)	881,200	877,650	3,550
Unused Vacation Payment to Terminated / Retired Staff		8,667	8,667	8,667	
Purchased Professional Services	24,000	(24,000)			
Purchased Technical Services	57,050		57,050	56,792	258
Miscellaneous Purchased Services (400-500 series)	2,250		2,250	672	1,578
Supplies and Materials	28,000	(15,238)	12,762	11,616	1,146
Miscellaneous Expenditures	121,400	(14,085)	107,315	83,576	23,739
Total Central Services	1,126,611	(57,367)	1,069,244	1,038,973	30,271
Administrative Information Technology:					
Salaries	703,692	(22,408)	681,284	679,427	1,857
Unused Vacation Payment to Terminated / Retired Staff		1,010	1,010	1,010	
Purchased Professional Services	13,925	93,876	107,801	107,801	
Purchased Technical Services	20,842	5,920	26,762	26,624	138
Other Purchased Services (400-500 series)	6,500	(2,300)	4,200	2,403	1,797
Supplies and Materials	15,500	(9,607)	5,893	5,893	
Other Objects	3,150		3,150	2,530	620
Total Administrative Information Technology	763,609	66,491	830,100	825,688	4,412
Required Maintenance for School Facilities:					
Salaries	400,699		417,412	409,477	7,935
Cleaning, Repair and Maintenance Services	719,577	1,625,241	2,344,818	2,071,392	273,426
General Supplies	220,000	17,877	237,877	233,923	3,954

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Required Maintenance for School Facilities: (Cont'd)					
Other Objects	\$ 74,277	\$ 55,328	\$ 129,605	\$ 91,876	\$ 37,729
Total Required Maintenance for School Facilities	1,414,553	1,715,159	3,129,712	2,806,668	323,044
Custodial Services:					
Salaries	2,436,454	(27,019)	2,409,435	2,407,551	1,884
Salaries of Non-Instructional Aides	492,082	(19,511)	472,571	472,527	44
Unused Vacation Payment to Terminated / Retired Staff		8,589	8,589	8,589	
Purchased Professional and Technical Services	69,825	(20,322)	49,503	46,761	2,742
Cleaning, Repair and Maintenance Services	430,046	(52,078)	377,968	371,421	6,547
Lease Purchase Payments- Energy Savings Program	342,388	1	342,389	342,388	1
Other Purchased Property Services	115,000	(30,400)	84,600	84,453	147
Insurance	585,000	(130,142)	454,858	454,858	
Miscellaneous Purchased Services	5,800	(3,429)	2,371	2,371	
General Supplies	183,500	50,076	233,576	233,298	278
Energy (Natural Gas)	332,500	(6,724)	325,776	325,776	
Energy (Electricity)	674,987	(37,832)	637,155	633,817	3,338
Other Objects	1,550	124	1,674	1,674	
Total Custodial Services	5,669,132	(268,667)	5,400,465	5,385,484	14,981
Care & Upkeep of Grounds:					
Salaries	186,297	1,619	187,916	186,578	1,338
Cleaning, Repair and Maintenance Services	47,500	14,682	62,182	62,182	
General Supplies	20,000	(6,352)	13,648	11,877	1,771
Total Care & Upkeep of Grounds	253,797	9,949	263,746	260,637	3,109

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Security:					
Salaries	\$ 218,912	\$ 6,917	\$ 225,829	\$ 224,296	\$ 1,533
Purchased Professional and Technical Services	41,500	(8,029)	33,471	33,471	
Cleaning, Repair and Maintenance Services	20,000	(16,905)	3,095	3,095	
General Supplies	51,143	102,317	153,460	153,460	
Total Security	331,555	84,300	415,855	414,322	1,533
Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	151,987	(29,346)	122,641	102,879	19,762
Between Home and School - Regular	183,897	41,221	225,118	218,765	6,353
Between Home and School - Special Education	244,305	(68,276)	176,029	156,183	19,846
Other than Between Home and School	73,500		73,500	66,492	7,008
Other Purchased Professional and Technical Services	60,000	(53)	48,790	39,054	9,736
Cleaning, Repair and Maintenance Services	25,000		25,000	57,462	2,485
Lease Payments - Buses	260,000	(135,844)	124,156	12,401	12,599
Aid in Lieu of Payments for Nonpublic School Students				124,155	1
Contracted Services:					
Between Home and School - Vendors	33,598		33,598	32,431	1,167
Other than Between Home and School - Vendors	102,500	3,572	106,072	89,218	16,854
Special Education Students - Vendors	9,180		9,180	9,000	180
Regular Education Students - ESCs & CTSA's	1,614,500	8,710	1,623,210	1,513,500	109,710
Special Education Students - ESCs & CTSA's	825,000	(232,739)	592,261	592,261	
Miscellaneous Purchased Services - Transportation	26,000	290	26,290	18,703	7,587
General Supplies	33,000	(175)	32,825	25,560	7,265
Transportation Supplies	2,000		2,000	2,000	2,000
Other Objects	2,000	155	2,155	1,125	1,030
Total Student Transportation Services	3,646,467	(363,695)	3,282,772	3,059,189	223,583

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Unallocated Benefits:					
Social Security Contributions	\$ 1,155,000		\$ 1,155,000	\$ 1,007,139	\$ 147,861
Other Retirement Contributions - PERS	1,240,580		1,240,580	1,151,998	88,582
Other Retirement Contributions - Deferred PERS Pymt	38,500		38,500	37,438	1,062
Other Retirement Contributions - Regular	46,000	\$ 3,399	49,399	38,339	11,060
Workmen's Compensation	403,428		403,428	348,229	55,199
Health Benefits	13,748,440	(1,484,331)	12,264,109	10,908,059	1,356,050
Tuition Reimbursement	139,700		139,700	63,028	76,672
Other Employee Benefits	710,332	20,637	730,969	730,586	383
Unused Sick Payment to Terminated / Retired Staff	170,000		170,000	123,118	46,882
Total Unallocated Benefits	17,651,980	(1,460,295)	16,191,685	14,407,934	1,783,751
On-Behalf Contributions (Non-budgeted):					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				3,725,023	(3,725,023)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				8,043,783	(8,043,783)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				168,377	(168,377)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				6,210	(6,210)
TPAF Social Security (Reimbursed - Non-Budgeted)				3,203,114	(3,203,114)
Total On-Behalf Contributions (Non-Budgeted)				15,146,507	(15,146,507)
Total Employee Benefits	17,651,980	(1,460,295)	16,191,685	29,554,441	(13,362,756)
Total Undistributed Expenditures	49,833,852	(861,652)	48,972,200	61,357,627	(12,385,427)
TOTAL GENERAL CURRENT EXPENSE	91,305,750	(530,838)	90,774,912	102,803,159	(12,028,247)

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5	\$	2,238	\$ 2,238	\$ 2,238	
Grades 6-8		72,173	72,173	72,172	\$ 1
Grades 9-12	\$ 75,577	(12,355)	63,222	54,702	8,520
School-Sponsored/Athletics	16,813	39,430	56,243	56,243	
Undistributed Expenditures:					
Instruction	72,776	270,460	343,236	335,236	8,000
Required Maintenance for School Facilities		227,245	227,245	227,245	
Custodial Services	52,500	56,147	108,647	108,534	113
Security	50,145	125,500	175,645	175,644	1
School Buses - Special	52,976		52,976	52,976	
Total Equipment	320,787	780,838	1,101,625	1,084,990	16,635
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	22,675		22,675	1,000	21,675
Construction Services	299,100	100,000	399,100	287,060	112,040
Supplies & Materials	100,000	(100,000)			
Assessment for Debt Service on SDA Funding	76,212		76,212	76,212	
Total Facilities Acquisition and Construction Services	497,987		497,987	364,272	133,715
Assets Acquired Under Capital Leases (Non-Budgeted):					
Regular Programs - Equipment				1,687,904	(1,687,904)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				1,687,904	(1,687,904)
TOTAL CAPITAL OUTLAY	818,774	780,838	1,599,612	3,137,166	(1,537,554)
TOTAL EXPENDITURES	92,124,524	250,000	92,374,524	105,940,325	(13,565,801)

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (3,092,890)	\$ (250,000)	\$ (3,342,890)	\$ (598,864)	\$ 2,744,026
Other Financing Sources:					
Transfer from Capital Projects Fund				215,622	215,622
Capital Leases (Non-budgeted)				1,687,904	1,687,904
Capital Leases - Defeased (Non-budgeted)				(1,470,476)	(1,470,476)
Capital Leases - Refinanced (Non-budgeted)				1,470,476	1,470,476
Total Other Financing Sources				1,903,526	1,903,526
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(3,092,890)	(250,000)	(3,342,890)	1,304,662	4,647,552
Fund Balance, July 1	10,515,727		10,515,727	10,515,727	
Fund Balance, June 30	\$ 7,422,837	\$ (250,000)	\$ 7,172,837	\$ 11,820,389	\$ 4,647,552
Recapitulation:					
Restricted Fund Balance:				\$ 3,109,617	
Capital Reserve				450,000	
Emergency Reserve				1,330,063	
Maintenance Reserve				2,242,000	
Excess Surplus - Restricted For 2020-2021				1,842,000	
Excess Surplus - Restricted For 2019-2020					
Assigned Fund Balance:					
Year End Encumbrances				518,194	
Unassigned Fund Balance				2,328,515	
				11,820,389	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(305,745)	
Fund Balance per Governmental Funds (GAAP)				\$ 11,514,644	

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 318,144	\$ 414,061	\$ 414,061	\$ 358,462	\$ (55,599)
State Sources	1,173,841	89,902	408,046	351,481	(56,565)
Federal Sources	1,491,985	308,667	1,482,508	1,422,070	(60,438)
Total Revenues	1,491,985	812,630	2,304,615	2,132,013	(172,602)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	192,722	192,722	192,722	172,188	20,534
Purchased Professional and Technical Services	2,025	2,025	2,025	1,700	325
Purchased Professional - Educational Services	48,071	23,025	71,096	59,031	12,065
Other Purchased Services	277,245	(277,245)	827,272	824,420	2,852
Tuition	713,502	113,770	88,224	81,342	6,882
General Supplies	29,800	(964)	28,836	24,089	4,747
Textbooks		116,893	116,893	52,306	64,587
Other Objects					
Total Instruction	1,068,618	258,450	1,327,068	1,215,076	111,992
Support Services:					
Salaries of Other Professional Staff	157,238	157,238	157,238	153,299	3,939
Personal Services - Employee Benefits	101,735	101,735	101,735	101,543	192
Purchased Professional and Technical Services	35,199	52,148	87,347	72,209	15,138
Purchased Professional-Educational Services	309,211	(101,537)	207,674	173,983	33,691
Other Purchased Services	18,029	(2,996)	15,033	13,750	1,283
Supplies and Materials	40,800	42,124	82,924	78,049	4,875
Other Objects	20,128	(688)	19,440	17,948	1,492
Total Support Services	423,367	248,024	671,391	610,781	60,610

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Building/Renovation		\$ 152,155	\$ 152,155	\$ 152,155	
Site Improvements		103,395	103,395	103,395	
Non-Instructional Equipment		50,606	50,606	50,606	
Total Facilities Acquisition and Construction Services		<u>306,156</u>	<u>306,156</u>	<u>306,156</u>	
Total Expenditures	<u>\$ 1,491,985</u>	<u>\$ 812,630</u>	<u>\$ 2,304,615</u>	<u>\$ 2,132,013</u>	<u>\$ 172,602</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 105,341,461	\$ 2,132,013
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		(146,327)
Prior Year Encumbrances		42,401
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	210,186	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(305,745)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 105,245,902</u>	<u>\$ 2,028,087</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 105,940,325	\$ 2,132,013
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		(146,327)
Prior Year Encumbrances		42,401
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 105,940,325</u>	<u>\$ 2,028,087</u>

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, 2019 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, 2019
(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, 2019

	I.D.E.A.					
	Basic	Preschool	Nursing	Textbooks	Technology Initiative	Security Aid
REVENUES:						
Local Sources						
State Sources	\$ 901,346	\$ 31,381	\$ 52,380	\$ 24,089	\$ 17,948	\$ 76,430
Federal Sources	901,346	31,381	52,380	24,089	17,948	76,430
Total Revenues						
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Purchased Professional - Educational Services						
Tuition	824,420					
General Supplies	23,967	10,218		24,089		
Textbooks						
Other Objects						
Total Instruction	848,387	10,218		24,089		
Support Services:						
Salaries of Other Professional Staff		14,807				
Personal Services - Employee Benefits		1,133				
Purchased Professional and Technical Services						
Purchased Professional - Educational Services	52,959		52,380			
Other Purchased Services		5,223				
Supplies and Materials						76,430
Other Objects					17,948	
Total Support Services	52,959	21,163	52,380		17,948	76,430
Facilities Acquisition and Construction Services:						
Building/Renovation						
Site Improvements						
Non-Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 901,346	\$ 31,381	\$ 52,380	\$ 24,089	\$ 17,948	\$ 76,430

MILLBURN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Private Donations	Nonpublic Auxiliary Services Compensatory Education	Supplementary Instruction	Nonpublic Handicapped Services Examination and Classification	Corrective Speech
REVENUES:					
Local Sources	\$ 358,462				
State Sources		\$ 33,417	\$ 25,614	\$ 81,516	\$ 40,087
Federal Sources					
Total Revenues	358,462	33,417	25,614	81,516	40,087
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services					
Purchased Professional - Educational Services		33,417	25,614		
Tuition					
General Supplies					
Textbooks	52,306				
Other Objects	52,306				
Total Instruction		33,417	25,614		
Support Services:					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services					
Purchased Professional - Educational Services				81,516	40,087
Other Purchased Services					
Supplies and Materials					
Other Objects					
Total Support Services				81,516	40,087
Facilities Acquisition and Construction Services:					
Building/Renovation	152,155				
Site Improvements	103,395				
Non-Instructional Equipment	50,606				
Total Facilities Acquisition and Construction Services	306,156				
Total Expenditures	\$ 358,462	\$ 33,417	\$ 25,614	\$ 81,516	\$ 40,087

TOWNSHIP OF MILLBURN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Elementary and Secondary Education Act					Totals
	Title I	Title IIA	Title III	Title III Immigrant	Title IV	
REVENUES:						
Local Sources						\$ 358,462
State Sources	\$ 350,214	\$ 86,505	\$ 16,329	\$ 17,045	\$ 19,250	351,481
Federal Sources	350,214	86,505	16,329	17,045	19,250	1,422,070
Total Revenues						2,132,013
EXPENDITURES:						
Instruction:						
Salaries of Teachers	161,017		5,330	5,841		172,188
Purchased Professional and Technical Services			1,700			1,700
Purchased Professional - Educational Services						59,031
Tuition						824,420
General Supplies	30,304		6,096	10,757		81,342
Textbooks						24,089
Other Objects						52,306
Total Instruction	191,321		13,126	16,598		1,215,076
Support Services:						
Salaries of Other Professional Staff	77,319	59,828	1,345			153,299
Personal Services - Employee Benefits	79,955	19,497	511	447	19,250	101,543
Purchased Professional and Technical Services						72,209
Purchased Professional - Educational Services						173,983
Other Purchased Services		7,180	1,347			13,750
Supplies and Materials	1,619					78,049
Other Objects						17,948
Total Support Services	158,893	86,505	3,203	447	19,250	610,781
Facilities Acquisition and Construction Services:						
Building/Renovation						152,155
Site Improvements						103,395
Non-Instructional Equipment						50,606
Total Facilities Acquisition and Construction Services						306,156
Total Expenditures	\$ 350,214	\$ 86,505	\$ 16,329	\$ 17,045	\$ 19,250	\$ 2,132,013

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, 2019

Revenue and Other Financing Sources:	
Interest on Investments	\$ 123,175
	<u>123,175</u>
Total Revenue and Other Financing Sources	<u>123,175</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	459,757
Construction Services	9,386,042
Furniture and Equipment	151,360
Transfer to General Fund:	
Unassigned Fund Balance	215,622
Transfer to Debt Service Fund:	
Interest on Investments	123,175
	<u>10,335,956</u>
Total Expenditures and Other Financing Uses	<u>10,335,956</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(10,212,781)
Fund Balance - Beginning of Year	<u>12,868,359</u>
Fund Balance - End of Year	<u>\$ 2,655,578</u>
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 1,833,943
Restricted - Year End Encumbrances	<u>821,635</u>
Total Restricted Fund Balance - Budgetary/GAAP Basis	<u>\$ 2,655,578</u>

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, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Purchase Agreement Proceeds	\$ 4,483,000		\$ 4,483,000	\$ 4,483,000
Total Revenue and Other Financing Sources	4,483,000		4,483,000	4,483,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	261,524		261,524	261,874
Construction Services	4,005,854		4,005,854	4,221,126
Transfer to General Fund		\$ 215,622	215,622	
Total Expenditures and Other Financing Uses	4,267,378	215,622	4,483,000	4,483,000
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 215,622	\$ (215,622)	\$ -0-	\$ -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	100%
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, 2019

	<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	1,735,563	\$ 459,757	2,195,320	2,085,446
Construction Services	7,235,640	9,386,042	16,621,682	18,402,554
Furniture and Equipment	561,611	151,360	712,971	1,355,000
Purchase of Building	3,250,000		3,250,000	3,550,000
Total Expenditures	12,940,263	9,997,159	22,937,422	25,593,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 12,652,737	\$ (9,997,159)	\$ 2,655,578	\$ -0-

Additional Project Information:

Project Number	3190-XXX-16-2000
Grant Date	N/A
Bond Authorization Date	09/27/16
Bonds Authorized	\$ 25,593,176
Bonds Issued	\$ 25,593,000
Original Authorized Cost	\$ 25,593,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 25,593,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	90%
Original Target Completion Date	06/30/20
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	<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	\$ 77,234	\$ 374,581	\$ 451,815
Other Accounts Receivable		1,698	1,698
Inventories		14,949	14,949
Total Current Assets	<u>77,234</u>	<u>391,228</u>	<u>468,462</u>
Non-Current Assets:			
Capital Assets		218,260	218,260
Less: Accumulated Depreciation		(109,311)	(109,311)
Total Non-Current Assets		<u>108,949</u>	<u>108,949</u>
Total Assets	<u>77,234</u>	<u>500,177</u>	<u>577,411</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable		54,762	54,762
Unearned Revenue		36,742	36,742
Total Current Liabilities		<u>91,504</u>	<u>91,504</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		108,949	108,949
Unrestricted	<u>77,234</u>	<u>299,724</u>	<u>376,958</u>
Total Net Position	<u>\$ 77,234</u>	<u>\$ 408,673</u>	<u>\$ 485,907</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, 2019

	<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		\$ 805,384	805,384
Charges for Services:			
Program Fees	\$ 52,280		52,280
Special Events		4,450	4,450
Miscellaneous Revenue		53,058	53,058
Total Operating Revenue	<u>52,280</u>	<u>862,892</u>	<u>915,172</u>
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs		371,310	371,310
Salaries		219,478	219,478
Employee Benefits & Payroll Taxes		65,694	65,694
Purchased Professional and Technical Services		63,997	63,997
Other Purchased Services		28,949	28,949
Cleaning, Repair and Maintenance Services	100,600	5,700	106,300
Supplies and Materials		36,240	36,240
Miscellaneous Expense		4,218	4,218
Depreciation Expense		11,587	11,587
Total Operating Expenses	<u>100,600</u>	<u>807,173</u>	<u>907,773</u>
Operating Income/(Loss)	(48,320)	55,719	7,399
Non-Operating Revenue:			
Local Sources:			
Interest Earnings		1,088	1,088
Total Non-Operating Income		<u>1,088</u>	<u>1,088</u>
Change in Net Position	(48,320)	56,807	8,487
Net Position - Beginning of Year	<u>125,554</u>	<u>351,866</u>	<u>477,420</u>
Net Position - End of Year	<u>\$ 77,234</u>	<u>\$ 408,673</u>	<u>\$ 485,907</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Field Rental/ Joint Facilities</u>	<u>Food Service</u>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 52,280	\$ 873,305	\$ 925,585
Payments to Food Service Contractors		(789,831)	(789,831)
Payments to Suppliers	(102,352)	(14,401)	(116,753)
Net Cash Provided by/(Used for) Operating Activities	<u>(50,072)</u>	<u>69,073</u>	<u>19,001</u>
Cash Flows from Investment Activities:			
Interest Income		1,088	1,088
Net Cash Provided by Investing Activities		<u>1,088</u>	<u>1,088</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets		(45,802)	(45,802)
Net Cash Used for Capital and Related Financing Activities		<u>(45,802)</u>	<u>(45,802)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(50,072)	24,359	(25,713)
Cash and Cash Equivalents, July 1	<u>127,306</u>	<u>350,222</u>	<u>477,528</u>
Cash and Cash Equivalents, June 30	<u>\$ 77,234</u>	<u>\$ 374,581</u>	<u>\$ 451,815</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (48,320)	\$ 55,719	\$ 7,399
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		11,587	11,587
Changes in Assets and Liabilities:			
(Increase) in Other Accounts Receivable		(1,698)	(1,698)
(Increase) in Inventory		(4,583)	(4,583)
(Decrease) in Accounts Payable	(1,752)	(4,063)	(5,815)
Increase in Unearned Revenue		12,111	12,111
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (50,072)</u>	<u>\$ 69,073</u>	<u>\$ 19,001</u>

FIDUCIARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Agency		Totals	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
	Student Activity	Payroll				
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 407,673	\$ 146,475	\$ 554,148	\$ 462,403	\$ 104,941	
Total Assets	407,673	146,475	554,148	462,403	104,941	
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings Due to Student Groups	407,673	146,475	407,673			
Total Liabilities	407,673	146,475	554,148			
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				462,403		
Flexible Spending Claims					104,941	
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 462,403	\$ 104,941	\$ -0-

MILLBURN TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
	<u>Trust</u>	<u>Trust</u>	<u>Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 78,077	\$ 232,041	
Total Contributions	<u>78,077</u>	<u>232,041</u>	
Total Additions	<u>78,077</u>	<u>232,041</u>	
DEDUCTIONS:			
Unemployment Benefit Claims	95,351		
Flexible Spending Claims		235,911	
Scholarship Awarded			\$ 1,834
Total Deductions	<u>95,351</u>	<u>235,911</u>	<u>1,834</u>
Change in Net Position	(17,274)	(3,870)	(1,834)
Net Position - Beginning of the Year	<u>479,677</u>	<u>108,811</u>	<u>\$ 1,834</u>
Net Position - End of the Year	<u>\$ 462,403</u>	<u>\$ 104,941</u>	<u>\$ -0-</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 367,800	\$ 915,320	\$ 875,447	\$ 407,673
Total Assets	<u>\$ 367,800</u>	<u>\$ 915,320</u>	<u>\$ 875,447</u>	<u>\$ 407,673</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 365,966	\$ 915,320	\$ 873,613	\$ 407,673
Interfund Payable:				
Private Purpose Scholarships Trust	<u>1,834</u>		<u>1,834</u>	
Total Liabilities	<u>\$ 367,800</u>	<u>\$ 915,320</u>	<u>\$ 875,447</u>	<u>\$ 407,673</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 36,211	\$ 64,322,829	\$ 64,212,565	\$ 146,475
Total Assets	<u>\$ 36,211</u>	<u>\$ 64,322,829</u>	<u>\$ 64,212,565</u>	<u>\$ 146,475</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 36,211	\$ 64,322,829	\$ 64,212,565	\$ 146,475
Total Liabilities	<u>\$ 36,211</u>	<u>\$ 64,322,829</u>	<u>\$ 64,212,565</u>	<u>\$ 146,475</u>

LONG-TERM DEBT

MILLBURN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2018	Matured	Balance June 30, 2019
			Date	Amount				
School Bonds	07/15/95	\$ 22,420,000	07/15/19	\$ 1,149,000	5.350%	\$ 2,299,000	\$ 1,150,000	\$ 1,149,000
Refunding Bonds	12/12/06	9,180,000	01/15/20	820,000	3.700%			
			01/15/21	810,000	3.700%			
			01/15/22	795,000	3.700%	3,255,000	830,000	2,425,000
Refunding Bonds	07/20/11	7,920,000	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%	4,505,000	710,000	3,795,000
Refunding Bonds	02/19/15	12,110,000	07/15/19	1,015,000	4.000%			
			07/15/20	1,010,000	4.000%			
			07/15/21	1,155,000	4.000%			
			07/15/22	1,150,000	5.000%			
			07/15/23	1,355,000	5.000%			
			07/15/24	1,355,000	5.000%			
			07/15/25	1,360,000	5.000%			
		07/15/26	1,365,000	5.000%				
			07/15/27	1,370,000	5.000%	12,110,000	975,000	11,135,000

MILLBURN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2018	Matured	Balance June 30, 2019
			Date	Amount				
School Bonds	12/06/16	\$ 25,593,000	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	\$ 200,000	\$ 25,393,000
						\$ 47,762,000	\$ 3,865,000	\$ 43,897,000

MILLBURN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Purpose	Interest Rate	Original Issue	Balance		Issued	Matured	Refinanced	Balance June 30, 2019
			July 1, 2018					
725 MacBook Air's and 18 Bretford Mobility Carts	0.00%	\$ 719,669	\$ 432,137				\$ 432,137	
730 MacBook Air and 15 Bretford Mobility Carts	0.00%	711,449	486,449				486,449	
Energy Savings Improvement Project	2.41%	4,483,000	3,819,947		\$ 251,836			\$ 3,568,111
15 iMac, 485 MacBook Air and 85 MacBook Pro	0.00%	691,890	551,890				551,890	
29 Passenger Bus	2.995%	58,500	46,099			11,020		35,079
MacBook Air, iMac, MacBook Pro and Bretford Mobility Cart	3.957%	1,820,602		\$ 350,126		479,843	(1,470,476)	1,340,759
Chromebooks	4.24%	885,129		885,129		235,249		649,880
Chromebooks	4.04%	452,649		452,649		117,857		334,792
			\$ 5,336,522	\$ 1,687,904	\$ 1,095,805		\$ -0-	\$ 5,928,621

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

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 5,114,771		\$ 5,114,771	\$ 5,114,771	
State Sources:					
Debt Service Aid Type II	547,778		547,778	547,778	
Total Revenues	5,662,549		5,662,549	5,662,549	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,837,039		1,837,039	1,837,039	
Redemption of Principal	3,865,000		3,865,000	3,865,000	
Total Expenditures	5,702,039		5,702,039	5,702,039	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(39,490)		(39,490)	(39,490)	
Other Financing Sources:					
Transfer from Capital Projects Fund:					
Interest Earned				123,175	\$ 123,175
Total Other Financing Sources				123,175	123,175
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(39,490)		(39,490)	83,685	123,175
Fund Balance, July 1	232,206		232,206	232,206	
Fund Balance, June 30	\$ 192,716	\$ -0-	\$ 192,716	\$ 315,891	\$ 123,175
<u>Recapitulation:</u>					
Restricted - For Subsequent Year's Expenditures				\$ 192,716	
Restricted				123,175	
Total Restricted Fund Balance				\$ 315,891	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

MILLBURN TOWNSHIP SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 27,873,570
Restricted	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	11,945,149
Unrestricted (Deficit)	606,999	406,232	(285,216)	(343,727)	(20,235,005)	(22,788,588)	(20,496,217)	(25,538,115)	(26,700,182)	(27,251,342)
Total Governmental Activities Net Position	\$ 13,096,239	\$ 13,161,358	\$ 15,951,968	\$ 18,559,777	\$ 309,751	\$ 1,975,229	\$ 4,925,982	\$ 5,209,898	\$ 9,495,331	\$ 12,567,377
Business-type Activities:										
Investment in Capital Assets	\$ 57,246	\$ 49,526	\$ 41,873	\$ 55,364	\$ 46,386	\$ 57,281	\$ 55,293	\$ 61,764	\$ 74,734	\$ 108,949
Unrestricted	263,657	339,300	407,204	442,047	514,707	492,834	394,635	421,512	402,686	376,958
Total Business-type Activities Net Position	\$ 320,903	\$ 388,826	\$ 449,077	\$ 497,411	\$ 561,093	\$ 550,115	\$ 449,928	\$ 483,276	\$ 477,420	\$ 485,907
District-wide:										
Net Investment in Capital Assets	\$ 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	\$ 27,982,519
Restricted	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	11,945,149
Unrestricted (Deficit)	870,656	745,532	121,988	98,320	(19,720,298)	(22,295,754)	(20,101,582)	(25,116,603)	(26,297,496)	(26,874,384)
Total District Net Position	\$ 13,417,142	\$ 13,550,184	\$ 16,401,045	\$ 19,057,188	\$ 870,844	\$ 2,525,344	\$ 5,375,910	\$ 5,693,174	\$ 9,972,751	\$ 13,053,284

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 56,568,289
Special Education	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	10,833,943
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	1,443,328
Other Instruction	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	2,599,252
Support Services:										
Tuition	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	3,183,825
Student & Instruction Related Services	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	19,704,944
General & Business Administrative Services	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	1,460,576
General 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	5,697,263
School Administrative 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	1,949,222
Central Services	645,708	607,962	591,596	711,810	819,105	881,864	987,689	1,010,471	967,382	1,146,112
Administrative Information Technology	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	11,023,920
Plant Operations and Maintenance	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	3,425,972
Pupil Transportation							34,471	30,316		
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	1,520,463	1,775,324	1,606,083
Interest on Long-term Debt		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	120,642,729
Total Governmental Activities Expenses										
Business-type Activities:										
Food Service	561,115	575,874	594,156	564,764	602,583	690,178	760,617	736,619	784,318	807,173
Field Rental/Joint Facilities	25,960	69,846	23,485	28,120	21,292	58,600	183,900	78,423	76,022	100,600
Total Business-type Activities Expense	587,075	645,720	617,641	592,884	623,875	748,778	944,517	815,042	860,340	907,773
Total District-wide Expenses	\$ 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	\$ 121,550,502
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular Instruction		\$ 305,093	\$ 134,613	\$ 132,602	\$ 127,252	\$ 111,497	\$ 110,198	\$ 105,474	\$ 92,960	\$ 132,497
Special Education Instruction			344,740	372,203	256,439	103,634	99,060	128,699	18,149	
Pupil Transportation			602,560	648,246	680,764	715,380	729,291	729,291	668,194	956,650
Operating Grants and Contributions	\$ 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	31,578,936
Capital Grants and Contributions					435,655	583,331				
Total Governmental Activities Program Revenues	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	32,668,083

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues:										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 566,497	\$ 631,539	\$ 607,425	\$ 562,411	\$ 615,182	\$ 675,733	\$ 776,827	\$ 794,772	\$ 805,799	\$ 862,892
Field Rental/Joint Facilities	28,601	69,358	51,228	57,115	42,491	62,780	67,880	53,241	48,952	52,280
Operating Grants and Contributions	8,278	13,541	19,019	21,462	29,612					
Total Business-type Activities Program Revenues	603,376	714,438	677,672	640,988	687,285	738,513	844,707	848,013	854,751	915,172
Total District-wide Program Revenues	\$ 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	\$ 33,583,255
Net (Expense)/Revenue:										
Governmental Activities	\$(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)	\$(87,974,646)
Business-type Activities	16,301	68,718	60,031	48,104	63,410	(10,265)	(99,810)	32,971	(5,589)	7,399
Total District-wide Net Expense	\$(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)	\$(87,967,247)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 84,264,875
Taxes Levied for Debt Service	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	5,114,771
Unrestricted Grants and Contributions	537,235	288,891	258,550	318,376	324,298	408,990	413,122	466,108	761,207	920,995
Investment Earnings	49,386	19,499	2,234	2,045	426	394	935	43,481	212,792	199,243
Miscellaneous Income	201,503	92,771	223,694	254,578	220,240	264,957	146,646	400,477	269,461	546,808
Transfers				964						
Cancellation of SDA Grant Receivable	(136,816)									
Insurance Recovery Related to Other Costs of Super Storm Sandy										
Total Governmental Activities	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	91,046,692
Business-type Activities:										
Investment Earnings	91	169	220	230	272	271	292	377	466	1,088
Transfers	(12,138)	(964)				(984)	(669)		(733)	
Disposal of Capital Assets	(12,047)	(795)	220	230	272	(713)	(377)	377	(267)	1,088
Total Business-type Activities										
Total District-wide General Revenues and Other Changes in Net Position	\$ 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	\$ 91,047,780
Change in Net Position:										
Governmental Activities	\$ 836,721	\$ 1,615,346	\$ (402,474)	\$ 739,690	\$ 2,943,787	\$ 1,665,478	\$ 2,950,753	\$ 283,916	\$ 4,285,433	\$ 3,072,046
Business-type Activities	4,254	67,923	60,251	48,334	63,682	(10,978)	(100,187)	33,348	(5,856)	8,487
Total District-wide Change in Net Position	\$ 840,975	\$ 1,683,269	\$ (342,223)	\$ 788,024	\$ 3,007,469	\$ 1,654,500	\$ 2,850,566	\$ 317,264	\$ 4,279,577	\$ 3,080,533

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved/Restricted	\$ 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	\$ 8,973,680
Assigned		978,492	783,434	934,503	900,167	391,347	925,655	1,257,548	1,000,990	518,194
Unassigned		1,749,628	1,524,744	1,433,194	1,452,631	1,490,129	1,639,470	1,710,303	1,646,797	2,022,770
Unreserved	2,948,309									
Total General Fund	\$ 11,475,760	\$ 10,604,314	\$ 11,842,121	\$ 11,078,360	\$ 8,701,421	\$ 6,936,611	\$ 8,091,399	\$ 9,113,912	\$ 10,305,541	\$ 11,514,644
All Other Governmental Funds:										
Reserved/Restricted	\$ 14,000	\$ 2,124,414	\$ 1,013,608	\$ 652,272	\$ 424,317	\$ 238,137	\$ 119,248	\$ 20,641,931	\$ 12,884,943	\$ 2,971,469
Committed		16,085	16,085			833,644	2,945,830	376,183	215,622	
Unreserved, Reported in:										
Capital Projects Fund	2,280,155									
Debt Service Fund	768,781									
Total All Other Governmental Funds	\$ 3,062,936	\$ 2,140,499	\$ 1,029,693	\$ 652,272	\$ 424,317	\$ 1,071,781	\$ 3,065,078	\$ 21,018,114	\$ 13,100,565	\$ 2,971,469
Total Governmental Funds	\$ 14,538,696	\$ 12,744,813	\$ 12,871,814	\$ 11,730,632	\$ 9,125,738	\$ 8,008,392	\$ 11,156,477	\$ 30,132,026	\$ 23,406,106	\$ 14,486,113

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Tax Levy	\$ 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	\$ 89,379,646
Tuition Charges	305,093	479,353	504,805	383,691	323,564	215,131	209,258	234,173	111,109	132,497
Transportation Fees			602,560	648,246	653,446	680,764	715,380	729,291	668,194	956,650
Interest Earnings	3,490	1,640	535	564	300	86	584	3,495	16,334	41,222
Miscellaneous	308,204	217,205	440,362	439,635	451,220	575,764	316,758	537,724	1,018,500	959,365
State Sources	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	20,168,263
Federal Sources	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	1,422,070
Total Revenue	84,642,143	83,666,096	87,862,996	90,674,049	90,788,472	94,189,236	98,387,260	101,693,712	107,211,424	113,059,713
Expenditures:										
Instruction:										
Regular Instruction	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	33,006,805
Special Education Instruction	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	6,020,057
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	1,442,016
School-Sponsored/Other Instruction	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	1,391,726
Support Services:										
Tuition	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	3,183,825
Student & Other Instruction Related Services	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	11,699,508
General Administrative Services	978,546	878,662	1,046,202	913,259	1,374,606	1,580,988	1,037,577	1,234,410	961,559	1,158,228
School Administrative Services	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	3,405,865
Central Services	801,433	889,314	866,916	900,911	925,461	982,523	1,074,412	1,096,422	1,071,473	1,038,973
Administrative Information Technology	645,708	607,962	591,596	667,670	741,734	795,951	785,485	775,100	803,529	825,688
Plant Operations and Maintenance	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	8,867,111
Student Transportation	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	3,059,189
Unallocated Benefits	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	29,554,441
Transfer of Funds to Charter School							34,471	30,316		
Capital Outlay	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	13,312,139
Debt Service:										
Principal	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	3,865,000
Interest and Other Charges	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	1,837,039
Total Expenditures	86,831,189	85,460,943	87,735,995	93,684,869	94,166,470	96,111,485	100,433,624	109,003,053	113,995,844	123,667,610

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (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)	\$ (10,607,897)
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						
Capital Leases				1,642,542	773,104	804,903	711,449	691,890	58,500	1,687,904
Lease Purchase Agreement Proceeds							4,483,000			
Transfers		964								
Total Other Financing Sources/(Uses)	(136,816)	964	-0-	1,869,638	773,104	804,903	5,194,449	26,284,890	58,500	1,687,904
Net Change in Fund Balances	\$ (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)	\$ (8,919,993)
Debt Service as a % of Noncapital Expenditures	6.20%	6.13%	5.95%	5.71%	5.53%	5.23%	4.91%	4.74%	5.46%	5.17%

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		Rentals	Prior Year Refunds	Miscellaneous	Total
				Busing					
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
2019	76,068		132,497	956,650		64,925	115,099	366,784	1,712,023

Source: Millburn Township School District Financial Reports.

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

Year Ended Dec. 31	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	\$ 0.880	\$ 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	0.903	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	0.916	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	0.930	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	0.940	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	0.960	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	0.988	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	1.014	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	0.874	9,807,600,745
2018	42,617,100	7,952,947,500	-0-	-0-	1,618,714,300	64,020,900	92,268,900	9,770,568,700	6,888,508	9,777,457,208	671,655,700	0.902	10,371,865,759

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

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

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

* Revaluation 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 ^a	Debt Service ^b				
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
2018	0.850	0.052	0.902	0.467	0.533	1.902

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

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

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

* Revaluation 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	2018		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 930,819,000	1	9.52%
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.	20,000,000	8	0.20%
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>\$ 1,280,174,100</u>		<u>13.09%</u>

Taxpayer	2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 720,000,000	1	8.72%
Short Hills Hilton, LLC	75,960,000	2	0.92%
Reckson Short Hills, LLC	64,161,100	3	0.78%
101/103 JFK Parkway Special LLC Corp	50,000,000	4	0.61%
Mack-Cali Realty Group	38,705,200	5	0.47%
Prima III LLC	19,857,700	6	0.24%
Canoe Brook Country Club	19,385,000	7	0.23%
Stone Mountain Properties	17,840,700	8	0.22%
A&R Millburn Associates	17,223,100	9	0.21%
MSS Millburn Realty Co.	17,193,900	10	0.21%
Total	<u>\$ 1,040,326,700</u>		<u>12.60%</u>

Note: A revaluation was effective in 2017.

Source: Millburn Township Tax Assessor.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy</u> ^a		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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-
2019	89,379,646	89,379,646	100.00%	-0-

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

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 ^a	Per Capita ^a
	General Obligation Bonds	Obligations Under Capital Leases	Bond Anticipation Notes (BANs)			
2010	\$ 50,389,000	\$ -0-	\$ -0-	\$ 50,389,000	4.83%	\$ 2,504
2011	47,324,000	-0-	-0-	47,324,000	4.36%	2,358
2012	44,019,000	-0-	-0-	44,019,000	4.02%	2,201
2013	40,769,000	1,295,345	-0-	42,064,345	3.80%	2,102
2014	37,454,000	1,654,759	-0-	39,108,759	3.36%	1,942
2015	32,689,000	1,944,090	1,073,000	35,706,090	2.94%	1,768
2016	29,299,000	6,559,983	1,073,000	36,931,983	2.99%	1,830
2017	51,387,000	6,306,892	583,000	58,276,892	4.55%	2,890
2018	47,762,000	5,336,522	-0-	53,098,522	4.14%	2,632
2019	43,897,000	5,928,621	-0-	49,825,621	3.89%	2,470

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 50,389,000	\$ -0-	\$ 50,389,000	0.61%	\$ 2,504
2011	47,324,000	-0-	47,324,000	0.58%	2,358
2012	44,019,000	-0-	44,019,000	0.54%	2,201
2013	40,769,000	-0-	40,769,000	0.50%	2,037
2014	37,454,000	-0-	37,454,000	0.46%	1,860
2015	32,689,000	-0-	32,689,000	0.40%	1,618
2016	29,299,000	-0-	29,299,000	0.36%	1,451
2017	51,387,000	-0-	51,387,000	0.63%	2,548
2018	47,762,000	-0-	47,762,000	0.49%	2,368
2019	43,897,000	-0-	43,897,000	0.45%	2,176

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

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

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

Source: Millburn Township School District Financial Reports

MILLBURN TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Township of Millburn	\$ 12,178,858	100.00%	\$ 12,178,858
Essex County General Obligation Debt	524,217,998	11.57%	60,626,959
Subtotal, Overlapping Debt			72,805,817
Millburn Township School District Direct Debt			50,655,621
Total Direct and Overlapping Debt			<u>\$ 123,461,438</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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 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	\$ 408,775,339
Total Net Debt Applicable to Limit	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	43,897,000
Legal Debt Margin	\$ 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	\$ 364,878,339

Total Net Debt Applicable to the Limit As a Percentage of Debt Limit

	14.08%	13.16%	12.45%	11.61%	10.75%	9.27%	8.03%	13.53%	12.13%	10.74%
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Legal Debt Margin Calculation for Fiscal Year 2019	
Equalized valuation basis	
2018	\$ 10,584,518,145
2017	10,355,214,331
2016	9,718,417,925
	<u>\$ 30,658,150,401</u>
Average Equalized Valuation of Taxable Property	<u>\$ 10,219,383,467</u>
Debt Limit (4% of average equalization value) ^a	\$ 408,775,339
Net Bonded School Debt	<u>43,897,000</u>
Legal Debt Margin	<u>\$ 364,878,339</u>

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

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

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

Year	Population ^a	Essex County Per Capita Personal Income ^b	Millburn Township Personal Income ^c	Unemployment Rate ^d
2010	20,123	\$ 51,884	\$ 1,044,061,732	4.80%
2011	20,069	54,078	1,085,291,382	4.60%
2012	20,000	54,783	1,095,660,000	4.70%
2013	20,016	55,369	1,108,265,904	3.80%
2014	20,137	57,817	1,164,260,929	3.60%
2015	20,201	60,131	1,214,706,331	3.20%
2016	20,186	61,287	1,237,139,382	3.10%
2017	20,166	63,554	1,281,629,964	2.90%
2018	20,171	63,554 *	1,281,947,734	2.30%
2019	20,171 **	63,554 *	1,281,947,734 ***	N/A

* - Latest Essex County per capita personal income available (2017) was used for calculation purposes.

** - Latest population data available (2018) was used for calculation purposes.

*** - Latest available population data (2018) and latest available Essex County per capita personal income (2017) was used for calculation purposes.

N/A - Information is not available.

Sources:

^a Population information provided by the NJ Department of Labor and Workforce Development.

^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^c Personal income has been estimated based upon the municipal population and per capita personal income presented.

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

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

Employer	2018		
	Employees	Rank	Percentage of Total Employment
St. Barnabas Health Care System	31,683	1	8.55%
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	9,500	6	2.56%
Montclair State University	7,900	7	2.13%
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>120,032</u>		<u>32.40%</u>
Total Employment	<u>370,503</u>		
Employer	2009		
	Employees	Rank (Optional)	Percentage of Total Employment
St. Barnabas Health Care System	23,000	1	6.21%
Verizon	17,100	2	4.62%
Prudential Ins. Co. of America	16,850	3	4.55%
University of Medicine and Dentistry of NJ	15,500	4	4.18%
Continental Airlines	11,000	5	2.97%
Newark Board of Education	7,050	6	1.90%
Automatic Data Processing	5,649	7	1.52%
New Jersey Transit	4,000	8	1.08%
Essex County	3,900	9	1.05%
City of Newark	4,000	10	1.08%
	<u>108,049</u>		<u>29.16%</u>
Total Employment	<u>329,123</u>		

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>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction:										
Regular	353	337	327	333	332	328	329	327	327	326
Special Education	54	58	61	59	62	64	69	68	66	67
Other Instruction	12	12	13	16	18	19	19	20	21	20
Support Services:										
Student & Instruction Related Services	146	132	127	131	135	146	152	156	161	165
School Administration	29	31	31	31	31	30	30	30	32	32
General Administration	4	4	4	4	4	3	3	3	3	3
Plant Operations and Maintenance	132	130	130	135	145	145	148	145	158	161
Pupil Transportation	17	16	14	15	15	15	15	15	15	12
Business and Other Support Services	19	19	17	17	17	19	19	19	19	18
Total	766	739	724	741	759	769	784	783	802	804

Source: Millburn Township School District Personnel Records.

MILLBURN TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2010	4,747	\$ 80,110,908	\$ 16,876	2.13%	397	1:20	1:20	1:22	4,818	4,580	1.01%	95.06%
2011	4,927	79,699,625	16,176	-4.15%	394	1:20	1:20	1:23	4,927	4,681	2.26%	95.01%
2012	4,908	81,104,579	16,525	2.16%	383	1:20	1:21	1:21	4,908	4,681	-0.39%	95.37%
2013	4,962	83,319,364	16,791	1.61%	389	1:20	1:21	1:22	4,962	4,717	1.10%	95.06%
2014	4,907	84,912,806	17,304	3.05%	389	1:20	1:21	1:18	4,907	4,678	-1.11%	95.33%
2015	4,886	88,654,835	18,145	4.86%	398	1:20	1:21	1:19	4,882	4,654	-0.51%	95.33%
2016	4,894	91,262,676	18,648	2.77%	402	1:20	1:21	1:18	4,894	4,694	0.25%	95.91%
2017	4,894	95,202,343	19,453	4.32%	401	1:21	1:21	1:20	4,894	4,689	0.00%	95.81%
2018	4,856	99,077,111	20,403	4.88%	404	1:21	1:21	1:17	4,856	4,623	-0.78%	95.20%
2019	4,783	104,653,432	21,880	7.24%	406	1:20	1:21	1:19	4,783	4,564	-1.50%	95.42%

Note: Enrollment based on annual October District count.

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

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

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

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

Source: Millburn Township School District records.

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

District Building	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	590	590	590	590	590	590	590
Enrollment	481	517	545	585	575	569	591	565	437	414
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	502	502	502	502	502	502	502
Enrollment	529	490	489	490	464	478	458	475	371	365
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	603	603	603	603	603	603	603
Enrollment	504	537	545	548	542	544	529	498	425	409
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	439	439	439	439	439	439	439
Enrollment	375	393	363	364	333	357	356	373	319	308
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	374	374	374	374	374	374	374
Enrollment	341	344	338	336	332	350	373	385	314	332
Washington Elementary School (1968) **										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	39,777	39,777
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	444	411

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

District Building	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Millburn Middle School (1930)										
Square Feet	181,908	181,908	235,541	235,541	235,541	235,541	235,541	235,541	235,541	239,705
Capacity (Students)	1,094	1,094	1,094	1,047	1,047	1,047	1,047	1,047	1,047	1,115
Enrollment	1,111	1,157	1,148	1,121	1,140	1,124	1,121	1,144	1,132	1,170
Millburn High School (1955)										
Square Feet	227,619	227,619	392,358	392,358	392,358	392,358	392,358	392,358	392,358	394,878
Capacity (Students)	1,763	1,763	1,763	2,104	2,100	2,100	2,100	2,100	2,100	2,100
Enrollment	1,406	1,489	1,480	1,518	1,521	1,464	1,466	1,454	1,414	1,374
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, 2019
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		
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	
2019	178,540	172,208	189,729	125,741	170,769	101,333	678,622	1,141,642	48,084	2,806,668	

* 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, 2019
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group:		
Commercial Package:		
Property Coverage:		
Building and Contents	\$ 161,554,658	\$ 1,000
Water Damage	250,000	1,000
Computers, Software, Cameras, Musical Instruments	10,000 to	250 - 500
	4,520,000	
Crime (Employee Dishonesty)	100,000	500
General Liability:		
Aggregate	3,000,000	
Occurrence	1,000,000	
Board Members, School District & Educators		
Legal Liability, Extended Coverage		
Aggregate	2,000,000	
Occurrence	1,000,000	10,000
Automobile:		
Liability	1,000,000	
Comprehensive	Actual Cash Value	500
Collision	Actual Cash Value	1,000
Umbrella Liability	15,000,000	10,000
Fireman's Fund Insurance Company:		
Excess Umbrella Liability	50,000,000	15,000,000
Markel Insurance Company:		
Volunteer Accident- Aggregate	250,000	
Accident Medical Expense	10,000	
Accidental Death & Dismemberment	5,000	
Pooled Insurance Program of New Jersey:		
Workers' Compensation	First 500,000	of each claim
Star Insurance Company:		
Workers' Compensation - Excess over \$350,000:	Statutory	
Employer's Liability	1,000,000	
Student Athletic Accident:		
Compulsory Coverage All Students	1,000,000	
Blanket Athletic Coverage Including All Interscholastic Sports and High School Football	5,000,000	
Public Official Bonds:		
School Business Administrator (Travelers Casualty Surety)	249,000	
Treasurer (Utica Mutual Insurance Company)	400,000	

Source: Millburn Township School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Millburn, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 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.

Nisivoccia, LLP

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
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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, 2019. 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, 2019.

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.

November 8, 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, 2019

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Balance at June 30, 2019		
					Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Amounts Provided to Subrecipients
U.S. Department of Education:									
Passed-through State Department of Education:									
<u>Special Revenue Fund:</u>									
Special Education Cluster:									
	84.027	IDEA359019	7/1/18-6/30/19	\$ 921,100	\$ 843,070	\$ (901,346)	\$ (58,276)		
	84.027	IDEA359018	7/1/17-6/30/18	943,444	145,919				
	84.173	IDEA359019	7/1/18-6/30/19	32,695	19,976	(31,381)	(11,405)		
	84.173	IDEA359018	7/1/17-6/30/18	32,739	7,457				
Total Special Education Cluster					1,016,422	(932,727)	(69,681)		
Elementary and Secondary Education Act:									
	84.010	ESEA359019	7/1/18-6/30/19	375,402	234,335	(350,214)	(115,879)		
	84.010	ESEA359018	7/1/17-6/30/18	350,261	68,768				
Total Title I					303,103	(350,214)	(115,879)		
Total Title I					58,194	(86,505)	(28,311)		
Title II					18,208				
Title II A					18,208				
Title II B					6,546	(16,329)	(9,783)		
Title II C					12,274				
Title II D					13,357	(17,045)	(3,688)		
Title II E					243				
Title II F					19,250	(19,250)			
Total Title II					1,719				
Total Special Revenue Fund					1,449,316	(1,422,070)	(227,342)		
Total U.S. Department of Education					1,449,316	(1,422,070)	(227,342)		
Total Federal Awards					\$ 1,449,316	\$ (1,422,070)	\$ (227,342)		\$ -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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2019		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund State Aid:												
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 1,993,839			\$ 1,801,635	\$ (1,993,839)			\$ (192,204)	\$ 1,993,839	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	389,098			351,589	(389,098)			(37,509)	389,098	
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	788,722			712,690	(788,722)			(76,032)	788,722	
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18-6/30/19	967,093				(967,093)			(967,093)	967,093	
Excess Nonpublic Transportation Costs	19-495-034-5120-014	7/1/18-6/30/19	77,050				(77,050)			(77,050)	77,050	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	3,203,114			3,048,595	(3,203,114)			(154,519)	3,203,114	
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	3,725,023			3,725,023	(3,725,023)				3,725,023	
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	8,043,783			8,043,783	(8,043,783)				8,043,783	
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	168,377			168,377	(168,377)				168,377	
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	6,210			6,210	(6,210)				6,210	
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	1,900,480			174,618					1,900,480	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	87,549			8,044					87,549	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	151,719			13,940					151,719	
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	49,400			4,539					49,400	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	49,400			4,539					49,400	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	49,040			4,506					49,040	
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17-6/30/19	582,452			582,452	(580,198)			(2,254)	582,452	
Excess Nonpublic Transportation Costs	18-495-034-5120-014	7/1/17-6/30/18	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			149,892					2,986,035	
Subtotal - General Fund						18,883,038	(19,364,563)			(1,504,407)	25,300,990	
Special Revenue Fund Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	36,126				(33,417)			\$ 2,709		33,417
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	1,807									
Nonpublic Handicapped Services:												
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19	34,970				(25,614)			9,356		25,614
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	28,547							(5,391)		23,156
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	48,480				(40,087)			8,393		40,087
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	56,068							(9,018)		47,050
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	106,814				(81,516)			25,298		81,516
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	83,326							(21,651)		61,675
N.J. Nonpublic Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	28,836				(24,089)			4,747		24,089
N.J. Nonpublic Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	29,800							(552)		29,248
N.J. Nonpublic Nursing Aid	19-100-034-5120-070	7/1/18-6/30/19	52,380				(52,380)					52,380
N.J. Nonpublic Technology Initiative	19-100-034-5120-373	7/1/18-6/30/19	19,440				(17,948)			1,492		17,948
N.J. Nonpublic Technology Initiative	18-100-034-5120-373	7/1/17-6/30/18	20,128							(720)		19,408
N.J. Nonpublic Security Aid	19-100-034-5120-509	7/1/18-6/30/19	81,000				(76,430)			4,570		76,430
N.J. Nonpublic Security Aid	18-100-034-5120-509	7/1/17-6/30/18	40,800							(10,167)		30,633
Subtotal - Special Revenue Fund						49,306	(351,481)			56,565		562,651

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2019		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
Debt Service Fund Aid:												
Debt Service Aid - State Support	19-100-034-5120-125	7/1/18-6/30/19	\$ 547,778			\$ 547,778	\$ (547,778)					\$ 547,778
Subtotal - Debt Service Fund						547,778	(547,778)					547,778
Total State Department of Education				\$ (1,022,882)	\$ 49,306	19,838,862	(20,263,822)	\$ (49,306)	\$ (1,198,662)	\$ 56,565	\$ (1,504,407)	26,412,729
Total State Awards				\$ (1,022,882)	\$ 49,306	\$ 19,838,862	(20,263,822)	\$ (49,306)	\$ (1,198,662)	\$ 56,565	\$ (1,504,407)	\$ 26,412,729
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Pension Contributions	19-495-034-5094-001	7/1/18-6/30/19	(3,725,023)				3,725,023					
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-002	7/1/18-6/30/19	(8,043,783)				8,043,783					
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	(168,377)				168,377					
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	(6,210)				6,210					
Subtotal - On-Behalf TPAF Pension System Contributions							11,943,393					
Total State Awards Subject to Single Audit Major Program Determination							\$ (8,320,429)					

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019. 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 (\$95,559) for the General Fund and (\$103,926) (of which \$103,926 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, 2019
(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		\$ 19,269,004	\$ 19,269,004
Special Revenue Fund	\$ 1,422,070	351,481	1,773,551
Debt Service Fund		<u>547,778</u>	<u>547,778</u>
Total Awards	<u>\$ 1,422,070</u>	<u>\$ 20,168,263</u>	<u>\$ 21,590,333</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, 2019.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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
Federal:				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/18-6/30/19	\$ 921,100	\$ 901,346
I.D.E.A. Preschool	84.173	7/1/18-6/30/19	32,695	31,381
State:				
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	788,722	788,722
Excess Nonpublic Transportation Costs	19-495-034-5120-014	7/1/18-6/30/19	77,050	77,050
Extraordinary Special Education	19-495-034-5120-044	7/1/18-6/30/19	967,093	967,093
Costs Aid	18-495-034-5120-044	7/1/17-6/30/19	582,452	2,254

- 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, 2019
(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, 2019

Status of Prior Year Findings:

The District had no prior year audit findings.