

**MILLBURN TOWNSHIP
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

**Millburn Township School District
Board of Education**

Millburn, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

**Millburn Township School District
Board Office**

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INTRODUCTORY SECTION



MILLBURN TOWNSHIP PUBLIC SCHOOLS

Office of the Business Administrator

434 Millburn Avenue

Millburn, NJ 07041

(973) 376-3600, Ext . 40156 (voice)

Cheryl Schneider, Business Administrator/Board Secretary

November 30, 2020

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, 2020, 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 2019-2020 fiscal year with an average daily enrollment of 4,809 students which is an increase of 26 students from the previous year.

2) ECONOMIC CONDITION AND OUTLOOK: The Township's cash surplus at December 31, 2019 amounted to \$13,722,849.28. A systematic and active investment program has been followed; income earned from investments of the Township's surplus cash amounted to \$773,018.58 in 2019. The current tax rate is \$1.930 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 2019-2020

1. To utilize the MIM and Strategic Visioning Frameworks to assess the adjustment of the schedules at the middle/high schools and to investigate school start times district wide in order to make final recommendation to the Board for the SY 2020-21.
2. To utilize the MIM and Assessment Frameworks to analyze homework and assessment practices to develop and implement best practices.
3. To utilize the MIM and the Strategic Visioning Frameworks to increase the awareness on anti-bias language, cultural diversity and global awareness in response to the growing changes in our demographics toward a more inclusive in our culture in our schools.

Board of Education Goal for FY 2019-2020

1. To acquire NJSBA Board Certification in recognition of the full board's commitment to training and effective governance.
2. To support funding through a level debt service approach for sustainability of our facility infrastructure and implementation of the long-range facilities plan.
3. To negotiate a successor collective bargaining agreement with the Millburn Administrators and Supervisors Association.

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, 2020.

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

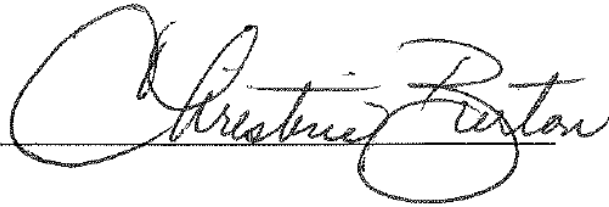
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

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

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

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

Respectfully submitted,



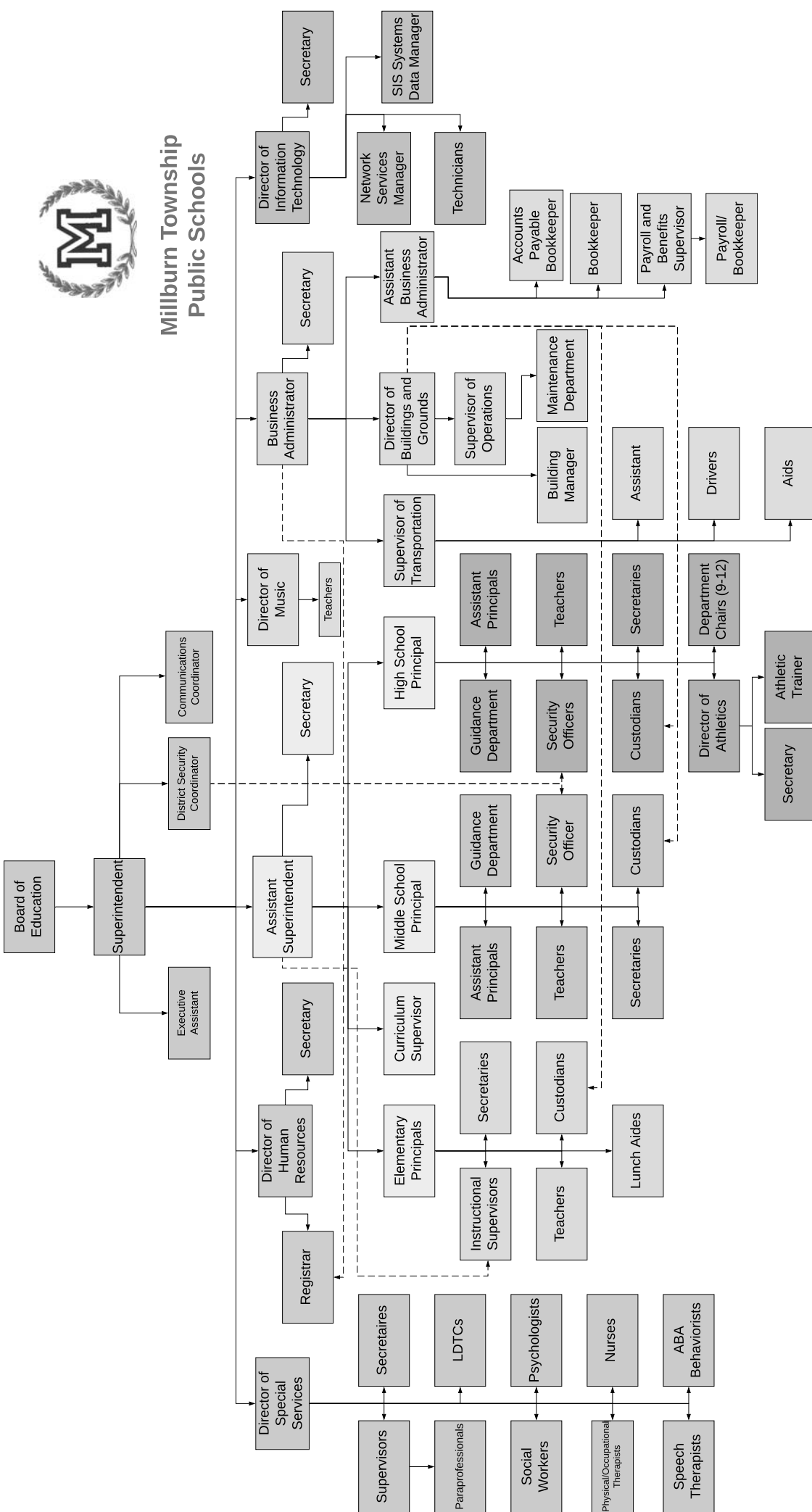
Dr. Christine Burton
Superintendent of Schools



Cheryl Schneider
Business Administrator/Board Secretary



Millburn Township Public Schools



**MILLBURN TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Alex Zaltsman, President	2021
Sonali Ganti, Vice President	2023
Jonathan Green	2023
Corrine Haase	2023
Oyin Owolabi	2022
Danielle Prieto	2022
Louie Shen	2021
Caroline Updyke	2022
Jamie Serruto	2021

<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

Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
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McManimon, Scotland & Baumann
75 Livingston Avenue
Roseland, NJ 07068

Financial Advisor

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

Official Depositories

Investors Bank
249 Millburn Avenue
Millburn, NJ 07041

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, 2020, 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, 2020, 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 other supplementary schedules 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 other supplementary schedules 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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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

NISIVOCCIA LLP

November 30, 2020
Mount Arlington, New Jersey

Kathryn L. Mantell

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020. 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

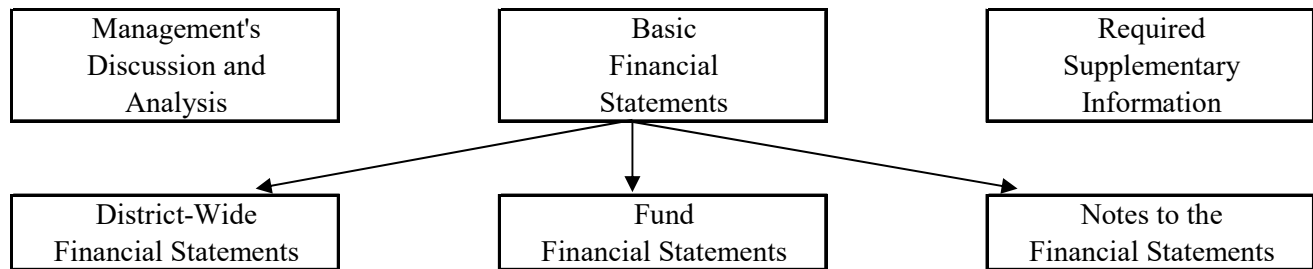
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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, 2020**

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, 2020**

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, 2020**

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 \$5,416,510. Net position from governmental activities increased by \$5,445,825 and net position from business-type activities decreased by \$29,315. Net investment in capital assets increased by \$4,228,923, restricted net position increased by \$1,592,680, and unrestricted net position decreased by \$405,093.

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change 2019/20
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Current and Other Assets	\$36,202,553	\$16,799,806	\$ 395,394	\$ 468,462	\$36,597,947	\$17,268,268	
Capital Assets, Net	77,436,263	76,881,656	131,294	108,949	77,567,557	76,990,605	
Total Assets	<u>113,638,816</u>	<u>93,681,462</u>	<u>526,688</u>	<u>577,411</u>	<u>114,165,504</u>	<u>94,258,873</u>	21.12%
Deferred Outflows of Resources	<u>5,199,770</u>	<u>7,347,726</u>			<u>5,199,770</u>	<u>7,347,726</u>	-29.23%
Other Liabilities	3,412,369	4,304,774	70,096	91,504	3,482,465	4,396,278	
Long-Term Liabilities	89,487,187	76,285,297			89,487,187	76,285,297	
Total Liabilities	<u>92,899,556</u>	<u>80,590,071</u>	<u>70,096</u>	<u>91,504</u>	<u>92,969,652</u>	<u>80,681,575</u>	15.23%
Deferred Inflows of Resources	<u>7,925,828</u>	<u>7,871,740</u>			<u>7,925,828</u>	<u>7,871,740</u>	0.69%
Net Position:							
Net Investment in Capital Assets	32,080,148	27,873,570	131,294	108,949	32,211,442	27,982,519	
Restricted	13,537,829	11,945,149			13,537,829	11,945,149	
Unrestricted/(Deficit)	<u>(27,604,775)</u>	<u>(27,251,342)</u>	<u>325,298</u>	<u>376,958</u>	<u>(27,279,477)</u>	<u>(26,874,384)</u>	
Total Net Position	<u>\$18,013,202</u>	<u>\$12,567,377</u>	<u>\$ 456,592</u>	<u>\$ 485,907</u>	<u>\$18,469,794</u>	<u>\$13,053,284</u>	41.50%

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Changes in Net Position. The District's *combined* net position was \$18,469,794 on June 30, 2020, an increase of \$5,416,510 or 41.50% over the previous year (see Figure A-3). Net Investment in Capital Assets increased \$4,228,923 due to the maturity of \$4,014,000 of serial bonds payable, maturity of \$1,023,049 in capital lease principal, and \$2,973,929 in capital assets additions (net of capital assets disposals); offset by the issuance of \$1,290,747 in serial bonds, \$2,396,977 in depreciation expense and a decrease in deferred amount on refunding of \$94,331. Restricted net position increased by \$1,592,680 primarily due to the increase in Capital Reserve and Maintenance Reserve; offset by a decrease in the Capital Projects Fund Balance related to referendum expenses. Unrestricted net position decreased by \$405,093 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
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	Change 2019/20
Revenue:							
Program Revenue:							
Charges for Services	\$ 950,934	\$ 1,089,147	\$ 629,157	\$ 915,172	\$ 1,580,091	\$ 2,004,319	
Operating Grants and Contributions	31,169,565	31,578,936			31,169,565	31,578,936	
General Revenue:							
Property Taxes	91,479,460	89,379,646			91,479,460	89,379,646	
Unrestricted State and Federal Aid	961,027	920,995			961,027	920,995	
Other	891,623	746,051	3,736	1,088	895,359	747,139	
Total Revenue	<u>125,452,609</u>	<u>123,714,775</u>	<u>632,893</u>	<u>916,260</u>	<u>126,085,502</u>	<u>124,631,035</u>	1.17%
Expenses:							
Instruction	74,608,782	71,444,812			74,608,782	71,444,812	
Pupil/Instruction Services	21,481,117	22,888,769			21,481,117	22,888,769	
Administrative & Business	9,428,670	10,253,173			9,428,670	10,253,173	
Maintenance & Operations	9,761,668	11,023,920			9,761,668	11,023,920	
Transportation	3,182,580	3,425,972			3,182,580	3,425,972	
Other	1,543,967	1,606,083	662,208	907,773	2,206,175	2,513,856	
Total Expenses	<u>120,006,784</u>	<u>120,642,729</u>	<u>662,208</u>	<u>907,773</u>	<u>120,668,992</u>	<u>121,550,502</u>	-0.73%
Increase/(Decrease) in Net Position	<u>\$ 5,445,825</u>	<u>\$ 3,072,046</u>	<u>\$ (29,315)</u>	<u>\$ 8,487</u>	<u>\$ 5,416,510</u>	<u>\$ 3,080,533</u>	75.83%

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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
	<u>2019/20</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2018/19</u>
Instruction	\$ 74,608,782	\$ 50,165,771	\$ 71,444,812	\$ 48,039,642
Pupil and Instruction Services	21,481,117	16,761,884	22,888,769	16,923,442
Administrative and Business	9,428,670	8,130,945	10,253,173	8,715,917
Maintenance and Operations	9,761,668	9,761,668	11,023,920	11,023,920
Transportation	3,182,580	1,522,050	3,425,972	1,665,642
Other	1,543,967	1,543,967	1,606,083	1,606,083
	<u>\$ 120,006,784</u>	<u>\$ 87,886,285</u>	<u>\$ 120,642,729</u>	<u>\$ 87,974,646</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Business-Type Activities

Net position from the District's business-type activity decreased by \$29,315. (Refer to Figure A-4). Factors contributing to these results included:

- Field Rental/Joint Facilities Fund expenses exceeded revenue by \$29,695, which was primarily due to the purchase of portable field netting systems and a decrease in program fees generated during COVID-19.
- Food Service Fund revenues exceeded expenses by \$380. During the State mandated closure of schools due to COVID-19, the District had a similar decrease in both operating revenue and expenses.

Financial Analysis of the District's Funds

The District's financial position increased significantly on a fund basis. Interest earnings on investments have started to increase due to increased interest rates and the addition of interest earnings on the 2020 bond referendum. 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.

Capital Assets

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

	Government Activities		Business-Type Activities		Total School District		Percentage
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	Change 2019/20
Sites	\$ 109,045	\$ 109,045			\$ 109,045	\$ 109,045	
Construction in Progress	25,521,450	22,937,422			25,521,450	22,937,422	
Site Improvements	3,542,726	3,756,653			3,542,726	3,756,653	
Buildings & Building Improvements	45,723,050	47,059,231			45,723,050	47,059,231	
Machinery and Equipment	2,539,992	3,019,305	\$ 131,294	\$ 108,949	2,671,286	3,128,254	
Total Capital Assets, Net	\$77,436,263	\$76,881,656	\$ 131,294	\$ 108,949	\$77,567,557	\$76,990,605	0.75%

During the fiscal year, the District acquired or constructed \$3,070,844 in capital asset additions for various capital projects, offset by \$2,396,977 in current year depreciation (\$2,382,101 its governmental activities and \$14,876 from its business-type activities) and \$96,915 of capital asset disposals.

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Long-term Liabilities

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change 2019/20
	2019/20	2018/19	
General Obligation Bonds (Financed with Property Taxes)	\$ 60,383,000	\$ 43,897,000	
Net Pension Liability	20,435,239	22,518,230	
Other Long-Term Liabilities	8,668,948	9,870,067	
	<u>\$ 89,487,187</u>	<u>\$ 76,285,297</u>	17.31%

- The District issued \$20,500,000 in serial bonds for the various projects approved under the 2020 referendum.
- The District continued to pay down its bonded debt, retiring \$4,014,000 of outstanding bonds.
- Compensated absences payable increased by a net amount of \$77,648.
- Net pension liability decreased by \$2,082,991.
- The District paid down \$1,023,049 in lease principal during the fiscal year.
- 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 Covid-19 Pandemic introduced many unprecedented challenges resulting in unbudgeted expenditures and a reduction in budgeted revenues. The continued responses to Covid-19 into the 2020-21 school year will continue to require additional expenditures, while many revenues such as facility usage and subscription busing will be non-existent. These additional expenditures will be offset by some cost reductions and additional federal funds made available in response to the Pandemic. Management is closely monitoring the financial impact of all responsive decision-making.
- The district is committed to maintaining facilities. In January 2020, a bond referendum was approved that included the construction of security vestibules at seven of the District's schools, an expansion of the Middle School cafeteria, and upgrades throughout the District. Regular assessment of the District facilities identifies future projects to be included in the 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.

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

- Contracts with the Millburn Association of School Administrators expired on June 30, 2020. The Board is currently in the process of renegotiating this contract. 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.
- 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 January 2021, and with a recent surge in house sales in a highly competitive housing market.

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, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 27,381,203	\$ 359,994	\$ 27,741,197
Receivables from State Government	1,095,413		1,095,413
Receivables from Federal Government	181,829		181,829
Other Accounts Receivables	42,797		42,797
Inventories		35,400	35,400
Restricted Cash and Cash Equivalents	7,501,311		7,501,311
Capital Assets, Net:			
Sites (Land) and Construction in Progress	25,630,495		25,630,495
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	51,805,768	131,294	51,937,062
Total Assets	<u>113,638,816</u>	<u>526,688</u>	<u>114,165,504</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	723,204		723,204
Deferred Outflows Related to Pensions	4,476,566		4,476,566
Total Deferred Outflows of Resources	<u>5,199,770</u>		<u>5,199,770</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	2,344,546	13,764	2,358,310
Accrued Interest Payable	794,258		794,258
Payable to State Government	77,684		77,684
Unearned Revenue	195,881	56,332	252,213
Noncurrent Liabilities:			
Due Within One Year	5,178,746		5,178,746
Due Beyond One Year	84,308,441		84,308,441
Total Liabilities	<u>92,899,556</u>	<u>70,096</u>	<u>92,969,652</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	7,925,828		7,925,828
Total Deferred Inflows of Resources	<u>7,925,828</u>		<u>7,925,828</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	32,080,148	131,294	32,211,442
Restricted for:			
Capital Projects	5,763,545		5,763,545
Debt Service	190,221		190,221
Maintenance	2,650,063		2,650,063
Emergency	450,000		450,000
Excess Surplus	4,484,000		4,484,000
Unrestricted/(Deficit)	<u>(27,604,775)</u>	<u>325,298</u>	<u>(27,279,477)</u>
Total Net Position	<u>\$ 18,013,202</u>	<u>\$ 456,592</u>	<u>\$ 18,469,794</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, 2020

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	\$ 58,682,297	\$ 111,969	\$ 16,921,696	\$ (41,648,632)		\$ (41,648,632)
Special Education	11,383,817		6,563,992	(4,819,825)		(4,819,825)
Other Special Instruction	2,744,389		845,354	(1,899,035)		(1,899,035)
Other Instruction	1,798,279			(1,798,279)		(1,798,279)
Support Services:						
Tuition	3,636,377		949,048	(2,687,329)		(2,687,329)
Student and Instruction Related Services	17,844,740		3,770,185	(14,074,555)		(14,074,555)
General Administrative Services	1,413,123		116,050	(1,297,073)		(1,297,073)
School Administrative Services	5,433,436		1,072,651	(4,360,785)		(4,360,785)
Central Services	1,405,582		109,024	(1,296,558)		(1,296,558)
Administrative Information Technology	1,176,529			(1,176,529)		(1,176,529)
Plant Operations and Maintenance	9,761,668			(9,761,668)		(9,761,668)
Pupil Transportation	3,182,580	838,965	821,565	(1,522,050)		(1,522,050)
Transfer of Funds to Charter School	13,143			(13,143)		(13,143)
Interest on Long-Term Debt	1,530,824			(1,530,824)		(1,530,824)
Total Governmental Activities	120,006,784	950,934	31,169,565	(87,886,285)		(87,886,285)
Business-Type Activities:						
Field Rental/Joint Facilities	67,158	37,463			\$ (29,695)	(29,695)
Food Service	595,050	591,694			(3,356)	(3,356)
Total Business-Type Activities	662,208	629,157			(33,051)	(33,051)

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	\$ 120,668,992	\$ 1,580,091	\$ 31,169,565	\$ (87,886,285)	\$ (87,919,336)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net			86,558,845		86,558,845
Taxes Levied for Debt Service			4,920,615		4,920,615
Federal, State and Local Aid not Restricted			961,027		961,027
Interest Earnings			284,402	3,736	288,138
Miscellaneous Income			607,221		607,221
Total General Revenues			93,332,110	3,736	93,335,846
Change in Net Position			5,445,825	(29,315)	5,416,510
Net Position - Beginning			12,567,377	485,907	13,053,284
Net Position - Ending			\$ 18,013,202	\$ 456,592	\$ 18,469,794

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 5,938,893	\$ 211,729	\$ 21,107,406	\$ 123,175	\$ 27,381,203
Interfund Receivable	925			67,046	67,971
Receivables From State Government	1,074,498	20,915			1,095,413
Receivables From Federal Government		181,829			181,829
Other Accounts Receivable	39,200	3,597			42,797
Restricted Cash and Cash Equivalents	7,501,311				7,501,311
Total Assets	\$ 14,554,827	\$ 418,070	\$ 21,107,406	\$ 190,221	\$ 36,270,524
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable			\$ 67,971		\$ 67,971
Accounts Payable	\$ 365,515	\$ 155,840	467,885		989,240
Payable to State Government		77,684			77,684
Unearned Revenue	11,335	184,546			195,881
Total Liabilities	376,850	418,070	535,856		1,330,776
Fund Balances:					
Restricted:					
Capital Reserve Account	4,401,248				4,401,248
Emergency Reserve	450,000				450,000
Maintenance Reserve	2,650,063				2,650,063
Excess Surplus - For 2021-2022	2,242,000				2,242,000
Excess Surplus - For 2020-2021	2,242,000				2,242,000
Capital Projects			20,571,550		20,571,550
Debt Service				\$ 190,221	190,221
Assigned:					
Year End Encumbrances	313,628				313,628
Unassigned	1,879,038				1,879,038
Total Fund Balances	14,177,977		20,571,550	190,221	34,939,748
Total Liabilities and Fund Balances	\$ 14,554,827	\$ 418,070	\$ 21,107,406	\$ 190,221	\$ 36,270,524

MILLBURN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

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

Total Fund Balances from previous page	\$ 34,939,748
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	77,436,263
Bond Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are sold.	(1,796,072)
Deferred Amount on Refunding is not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure	723,204
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(794,258)
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.	(87,691,115)
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>(4,804,568)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u><u>\$ 18,013,202</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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 86,558,845			\$ 4,920,615	\$ 91,479,460
Tuition from Other LEAs	5,428				5,428
Tuition from Individuals	106,541				106,541
Transportation Fees From Individuals	838,965				838,965
Interest Earned on Capital Reserve Funds	33,800				33,800
Miscellaneous	790,777	\$ 223,560	\$ 67,046		1,081,383
Total - Local Sources	88,334,356	223,560	67,046	4,920,615	93,545,577
State Sources	19,607,431	237,790		571,700	20,416,921
Federal Sources		1,411,411			1,411,411
Total Revenues	107,941,787	1,872,761	67,046	5,492,315	115,373,909
EXPENDITURES:					
Current:					
Regular Instruction	33,783,951	287,073			34,071,024
Special Education Instruction	6,321,962	14,090			6,336,052
Other Special Instruction	1,575,372				1,575,372
School-Sponsored/Other Instruction	1,416,444				1,416,444
Support Services and Undistributed Costs:					
Tuition	2,687,329	949,048			3,636,377
Student/Other Instruction Related Services	11,261,817	426,282			11,688,099
General Administrative Services	1,070,821				1,070,821
School Administrative Services	3,345,749				3,345,749
Central Services	1,025,171				1,025,171
Administrative Information Technology	784,697				784,697
Plant Operations and Maintenance	8,706,796				8,706,796
Student Transportation	2,975,711				2,975,711
Unallocated Benefits	30,032,323				30,032,323
Capital Outlay	277,168	196,268	2,584,028		3,057,464
Debt Service:					
Principal				4,014,000	4,014,000
Interest and Other Charges				1,671,031	1,671,031
Transfer of Funds to Charter School	13,143				13,143
Total Expenditures	105,278,454	1,872,761	2,584,028	5,685,031	115,420,274
Excess/(Deficit) of Revenue Over/(Under)					
Expenditures	2,663,333		(2,516,982)	(192,716)	(46,365)
Other Financing Sources/(Uses):					
Serial Bonds Issued			20,500,000		20,500,000
Transfers			(67,046)	67,046	
Total Other Financing Sources/(Uses)			20,432,954	67,046	20,500,000

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<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	\$ 2,663,333		\$ 17,915,972	\$ (125,670)	\$ 20,453,635
Fund Balance - July 1	<u>11,514,644</u>		<u>2,655,578</u>	<u>315,891</u>	<u>14,486,113</u>
Fund Balance - June 30	<u>\$ 14,177,977</u>	<u>\$ -0-</u>	<u>\$ 20,571,550</u>	<u>\$ 190,221</u>	<u>\$ 34,939,748</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, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 20,453,635
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	\$ (2,382,101)
	Disposal of Capital Assets, Net of Accumulated Depreciation	(96,915)
	Capital Outlays	<u>3,033,623</u>
		554,607
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 (+).		(21,180)
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.		4,014,000
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.		1,023,049
The governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		255,718
The governmental funds report the effect of deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.		(94,331)
Proceeds from debt issues are an other financing source in the governmental funds. They are not revenue in the Statement of Activities; issuing debt increases long-term liabilities in the Statement of Net Position.		(20,500,000)
In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(77,648)
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		2,082,991
Changes in Deferred Outflows and Inflows Related to Pensions		<u>(2,245,016)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 5,445,825</u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Food Service	Field Rental/ Joint Facilities	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 312,455	\$ 47,539	\$ 359,994
Inventories	35,400		35,400
Total Current Assets	347,855	47,539	395,394
Non-Current Assets:			
Capital Assets	245,216		245,216
Less: Accumulated Depreciation	(113,922)		(113,922)
Total Non-Current Assets	131,294		131,294
Total Assets	479,149	47,539	526,688
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	13,764		13,764
Unearned Revenue	56,332		56,332
Total Current Liabilities	70,096		70,096
<u>NET POSITION:</u>			
Investment in Capital Assets	131,294		131,294
Unrestricted	277,759	47,539	325,298
Total Net Position	\$ 409,053	\$ 47,539	\$ 456,592

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, 2020

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Food Service	Field Rental/ Joint Facilities	
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs	\$ 546,182		\$ 546,182
Program Fees		\$ 37,463	37,463
Special Events	756		756
Miscellaneous Revenue	44,756		44,756
Total Operating Revenue	591,694	37,463	629,157
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs	251,152		251,152
Salaries	160,376		160,376
Employee Benefits & Payroll Taxes	71,542		71,542
Purchased Professional and Technical Services	63,384		63,384
Other Purchased Services	5,727		5,727
Cleaning, Repair and Maintenance Services		67,158	67,158
Supplies and Materials	24,781		24,781
Miscellaneous Expense	3,212		3,212
Depreciation Expense	14,876		14,876
Total Operating Expenses	595,050	67,158	662,208
Operating Loss	(3,356)	(29,695)	(33,051)
Non-Operating Revenue:			
Local Sources:			
Interest Income	3,736		3,736
Total Non-Operating Revenue	3,736		3,736
Change in Net Position	380	(29,695)	(29,315)
Net Position - Beginning of Year	408,673	77,234	485,907
Net Position - End of Year	\$ 409,053	\$ 47,539	\$ 456,592

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, 2020

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Food Service	Field Rental/ Joint Facilities	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 612,982	\$ 37,463	\$ 650,445
Payments to Food Service Contractors	(639,837)		(639,837)
Payments to Suppliers	(1,786)	(67,158)	(68,944)
Net Cash Used for Operating Activities	(28,641)	(29,695)	(58,336)
Cash Flows from Investing Activities:			
Interest Income	3,736		3,736
Net Cash Provided by Investing Activities	3,736		3,736
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(37,221)		(37,221)
Net Cash Used for Capital and Related Financing Activities	(37,221)		(37,221)
Net Decrease in Cash and Cash Equivalents	(62,126)	(29,695)	(91,821)
Cash and Cash Equivalents, July 1	374,581	77,234	451,815
Cash and Cash Equivalents, June 30	\$ 312,455	\$ 47,539	\$ 359,994
Reconciliation of Operating Loss			
to Net Cash Used for Operating Activities:			
Operating Loss	\$ (3,356)	\$ (29,695)	\$ (33,051)
Adjustment to Reconcile Operating Loss			
to Net Cash Used for Operating Activities:			
Depreciation	14,876		14,876
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable	1,698		1,698
(Increase) in Inventory	(20,451)		(20,451)
Decrease) in Accounts Payable	(40,998)		(40,998)
Increase in Unearned Revenue	19,590		19,590
Net Cash Used for Operating Activities	\$ (28,641)	\$ (29,695)	\$ (58,336)

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, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 611,094	\$ 496,563	\$ 95,980
Total Assets	<u>611,094</u>	<u>496,563</u>	<u>95,980</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	40,548		
Due to Student Groups	<u>570,546</u>		
Total Liabilities	<u>611,094</u>		
<u>NET POSITION:</u>			
Held in Trust for:			
Unemployment Claims		496,563	
Flexible Spending Claims			<u>95,980</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 496,563</u>	<u>\$ 95,980</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, 2020

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 62,695	\$ 224,775
Total Contributions	<u>62,695</u>	<u>224,775</u>
Total Additions	<u>62,695</u>	<u>224,775</u>
DEDUCTIONS:		
Unemployment Benefit Claims	28,535	
Flexible Spending Claims		233,736
Scholarships Awarded		
Total Deductions	<u>28,535</u>	<u>233,736</u>
Change in Net Position	34,160	(8,961)
Net Position - Beginning of the Year	<u>462,403</u>	<u>104,941</u>
Net Position - End of the Year	<u><u>\$ 496,563</u></u>	<u><u>\$ 95,980</u></u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020

(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, 2020

(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, 2020
(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, 2020 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	\$ 107,973,211	\$ 1,810,126
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		(82,405)
Cancellation of Prior Year Encumbrances		(1,287)
Prior Year Encumbrances		146,327
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	305,745	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(337,169)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 107,941,787	\$ 1,872,761

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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	\$ 105,278,454	\$ 1,810,126
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		(82,405)
Cancellation of Prior Year Encumbrances		(1,287)
Prior Year Encumbrances		146,327
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 105,278,454	\$ 1,872,761

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, 2020

(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, 2020.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020.

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, 2020

(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 \$14,177,977 General Fund balance at June 30, 2020, \$313,628 is assigned for year-end encumbrances; \$4,401,248 is restricted in the capital reserve account; \$2,650,063 is restricted in a maintenance reserve; \$450,000 has been restricted in an emergency reserve; \$2,242,000 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, 2021; \$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, 2022; and \$1,879,038 is unassigned, which is \$337,169 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, 2021.

Capital Projects Fund: The \$20,571,550 fund balance in the Capital Projects Fund at June 30, 2020 is restricted for Capital Projects.

Debt Service Fund: Of the \$190,221 restricted fund balance in the Debt Service Fund at June 30, 2020, \$123,175 is anticipated revenue for the fiscal year ended June 30, 2021 and 67,046 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 two 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, 2020

(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 \$27,604,775 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, 2020.

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, 2020

(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, 2020.

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 \$313,628 of assigned resources for year-end encumbrances in the General Fund at June 30, 2020.

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, 2020
(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, 2020

(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, 2020
(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, 2020, cash and cash equivalents of the District consisted of the following:

	<u>Restricted Cash and Cash Equivalents</u>			Cash and	<u>Total</u>
	<u>Capital Reserve</u>	<u>Emergency Reserve</u>	<u>Maintenance Reserve</u>	<u>Cash Equivalents</u>	
Checking/Money Market Accounts	\$ 2,057,831	\$ 450,000	\$ 2,650,063	\$27,464,226	\$ 32,622,120
NJ ARM	2,343,417			1,480,608	3,824,025
	<u>\$ 4,401,248</u>	<u>\$ 450,000</u>	<u>\$ 2,650,063</u>	<u>\$28,944,834</u>	<u>\$ 36,446,145</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, 2020, was \$36,446,145 and the bank balance was \$41,634,359. The balance of \$3,824,025 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, 2019	\$ 3,109,617
Add: Interest Earnings	33,800
Transfer from Unassigned Fund Balance per Board Resolution - June 5, 2020	1,257,831
Ending Balance, June 30, 2020	\$ 4,401,248

The balance in the capital reserve account at June 30, 2020 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, 2020 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	22,937,422	\$ 2,584,028		25,521,450
Total Capital Assets Not Being Depreciated	23,046,467	2,584,028		25,630,495
Capital Assets Being Depreciated:				
Site Improvements	6,697,325	85,063		6,782,388
Buildings and Building Improvements	82,455,007	114,429	\$ 162,384	82,731,820
Machinery and Equipment	6,651,024	250,103	(523,611)	6,377,516
Total Capital Assets Being Depreciated	95,803,356	449,595	(361,227)	95,891,724
Governmental Activities Capital Assets	118,849,823	3,033,623	(361,227)	121,522,219

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Less Accumulated Depreciation for:				
Site Improvements	\$ (2,940,672)	\$ (298,990)		\$ (3,239,662)
Buildings and Building Improvements	(35,395,776)	(1,612,994)		(37,008,770)
Machinery and Equipment	(3,631,719)	(470,117)	\$ 264,312	(3,837,524)
	<u>(41,968,167)</u>	<u>(2,382,101)</u>	<u>264,312</u>	<u>(44,085,956)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 76,881,656</u>	<u>\$ 651,522</u>	<u>\$ (96,915)</u>	<u>\$ 77,436,263</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 218,260	\$ 37,221	\$ (10,265)	\$ 245,216
Less: Accumulated Depreciation	(109,311)	(14,876)	10,265	(113,922)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 108,949</u>	<u>\$ 22,345</u>	<u>\$ -0-</u>	<u>\$ 131,294</u>

The District expended \$3,070,844 on various capital projects during the fiscal year, which included \$2,584,028 of construction projects in progress. The District disposed of assets with a net carrying value of \$96,915 from its governmental and business-type activities. The District has \$46,093,000 in active construction projects, with an unexpended balance of \$20,571,550 of which \$5,728,884 represents open encumbrances as of June 30, 2020.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,666,932
Special Education Instruction	228,282
Student and Other Instruction Related Services	45,905
General Administration	90,674
School Administration	39,138
Central Services	1,752
Administrative Information Technology	156,663
Operations and Maintenance of Plant	113,927
Student Transportation	38,828
	<u>\$ 2,382,101</u>

NOTE 6. OPERATING LEASES

The District has commitments to lease copying equipment, digital mailing machines and chromebooks under operating leases which expire in 2025. Future minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2021	\$ 403,064
June 30, 2022	184,135
June 30, 2023	161,864
June 30, 2024	119,850
June 30, 2025	4,026
Total future minimum lease payments	<u>\$ 872,939</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2019	Accrued	Retired	Balance 6/30/2020
Serial Bonds Payable	\$ 43,897,000	\$ 20,500,000	\$ 4,014,000	\$ 60,383,000
Unamortized Bond Issuance Premium	2,051,790		255,718	1,796,072
Capital Leases Payable	5,928,621		1,023,049	4,905,572
Compensated Absences Payable	1,889,656	248,111	170,463	1,967,304
Net Pension Liability	22,518,230		2,082,991	20,435,239
	<u>\$ 76,285,297</u>	<u>\$ 20,748,111</u>	<u>\$ 7,546,221</u>	<u>\$ 89,487,187</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.

A referendum passed on January 28, 2020, authorizing the issuance of \$20,500,000 in bonds to finance several projects including building system improvements and security vestibule upgrades in seven schools and windows replacement at the Washington School. On April 21, 2020, the District issued serial bonds of \$20,500,000 with interest rates ranging from 2.0% to 2.5% to fund the referendum projects. The bonds mature on February 15, 2021 through 2035 and are non-callable until after February 15, 2028.

The District had bonds outstanding as of June 30, 2020 as follows:

Purpose	<u>Serial Bonds</u>		
	Final Maturity Date	Interest Rate	Amount
Refunding Bonds	01/15/22	3.70%	\$ 1,605,000
Refunding Bonds	09/15/23	4.00%	3,065,000
Refunding Bonds	07/15/27	4.00%-5.00%	10,120,000
School Bonds	08/01/41	3.50%-4.00%	25,093,000
School Bonds	02/15/35	2.00%-2.50%	20,500,000
			<u>\$ 60,383,000</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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
2021	\$ 3,825,000	\$ 1,912,447	\$ 5,737,447
2022	4,525,000	1,859,885	6,384,885
2023	4,690,000	1,694,070	6,384,070
2024	4,850,000	1,529,245	6,379,245
2025	4,055,000	1,375,095	5,430,095
Thereafter 5 Years (2026-2030)	17,895,000	4,836,725	22,731,725
Thereafter 5 Years (2031-2035)	12,200,000	2,531,100	14,731,100
Thereafter 5 Years (2036-2040)	6,000,000	1,040,850	7,040,850
Thereafter 2 Years (2041-2042)	2,343,000	92,580	2,435,580
	<u>\$ 60,383,000</u>	<u>\$ 16,871,997</u>	<u>\$ 77,254,997</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2020, 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 \$1,540,354.

D. Capital Leases Payable:

The District is leasing laptops, computers and other related technology equipment and a school bus under capital leases valued at \$3,216,880, of which \$1,615,120 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, 2020, \$1,179,188 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, 2020
(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, 2020.

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 1,190,935
2022	1,156,943
2023	310,033
2024	317,079
2025	324,286
Thereafter 5 Years (2026-2030)	1,735,884
Thereafter 3 Years (2031-2032)	464,132
	<hr style="border-top: 1px solid black;"/>
	5,499,292
Less: Amount Representing Interest	<hr style="border-top: 1px solid black;"/>
	(593,720)
Present Value Net of Minimum Lease Payments	<hr style="border-top: 1px solid black;"/> <u>\$ 4,905,572</u>

The current portion of capital leases payable at June 30, 2020 is \$1,052,265 and the long-term portion is \$3,853,307. 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 current portion of the compensated absences balance of the governmental funds is \$45,763 and is separated from the long-term portion of compensated absences of \$1,921,541. 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, 2020 is \$-0- and the long-term portion is \$20,435,239. 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, 2020
(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 tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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/annual-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. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th 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, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,145,460 for fiscal year 2020.

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

At June 30, 2020, the District reported a liability of \$20,435,239 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.113%, which was a decrease of 0.001% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$1,274,795. At June 30, 2020, 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	\$ 54,006	
	2015	5.72	333,932	
	2016	5.57	1,652,596	
	2017	5.48		\$ 2,933,553
	2018	5.63		2,370,580
	2019	5.21		1,788,874
				<u>2,040,534</u>
Changes in Proportion	2014	6.44	53,620	
	2015	5.72	4,554	
	2016	5.57	413,201	
	2017	5.48		245,345
	2018	5.63	242,565	
	2019	5.21		174,624
				<u>713,940</u>
Net Difference Between Projected and Actual	2016	5.00		(377,177)
Investment Earnings on Pension Plan Investments	2017	5.00		452,637
	2018	5.00		314,845
	2019	5.00		(67,727)
				<u>322,578</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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
Difference Between Expected and Actual Experience	2015	5.72	\$ 92,648	
	2016	5.57	50,152	
	2017	5.48	87,244	
	2018	5.63		\$ 90,274
	2019	5.21	136,742	
			<u>366,786</u>	<u>90,274</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	1,355,306	
			<u>\$ 4,476,566</u>	<u>\$ 7,925,828</u>

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

Fiscal Year Ending June 30,	Total
2020	\$ (590,076)
2021	(1,914,197)
2022	(1,709,267)
2023	(802,589)
2024	(82,410)
	<u>\$ (5,098,539)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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 Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 25,732,675	\$ 20,435,239	\$ 15,854,184

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/annual-reports.shtml.

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

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided

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. 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.

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. For fiscal year 2020, 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 2020, the State of New Jersey contributed \$8,595,011 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$14,804,598.

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)

Special Funding Situation (Cont'd)

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, 2020, the State's proportionate share of the net pension liability associated with the District was \$250,999,107. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.409%, which was a decrease of 0.004% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>250,999,107</u>
Total	<u><u>\$ 250,999,107</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$14,804,598 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
			<u>8,729,264,342</u>	<u>17,163,131,436</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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
Difference Between Expected and Actual Experience	2014	8.50		\$ 7,323,009
	2015	8.30	\$ 145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
			<u>1,203,503,264</u>	<u>213,344,311</u>
Net Difference Between Projected and Actual Actual Investment Earnings on Pension Plan Investments	2016	5.00		(431,855,192)
	2017	5.00		452,016,524
	2018	5.00		288,091,115
	2019	5.00		(144,882,771)
				<u>163,369,676</u>
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</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 Ending June 30,</u>	<u>Total</u>
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	<u>(2,402,153,865)</u>
	<u>\$ (7,607,077,817)</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) 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, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, 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, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
Stat's Proportionate Share of the Net Pension Liability Associated with the District	\$ 295,983,502	\$ 250,999,107	\$ 213,676,264

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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 \$36,410 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$48,655 for the fiscal year ended June 30, 2020.

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 from Utica National Insurance Group 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, 2020
(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, 2020 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, 2019 is as follows:

Total Assets	\$ 20,888,033
Net Position	\$ 8,932,828
Total Revenue	\$ 7,954,404
Total Expenses	\$ 7,605,614
Change in Net Position	\$ 348,790
Members Dividends	\$ 1,150,834

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ -0-	\$ -0-	\$ 62,695	\$ 28,535	\$ 496,563
2018-2019	-0-	-0-	78,077	95,351	462,403
2017-2018	-0-	-0-	78,898	41,995	479,677

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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
General Fund	\$ 925	
Capital Projects Fund		\$ 67,971
Debt Service Fund	67,046	
	\$ 67,971	\$ 67,971

The interfund receivable in the General Fund is comprised of an advance to the Capital Projects Fund. The interfund receivable in the Debt Service Fund is comprised of the current year's interest due from the Capital Projects Fund.

During the fiscal year, the District transferred \$67,046 of interest earned in the Capital Projects Fund to the Debt Service Fund.

NOTE 12. DEFERRED COMPENSATION

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

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

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, 2020
(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, 2020, 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
\$ 313,628	\$ 82,405	\$ 5,728,884	\$ 6,124,917

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$82,405 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 \$5,728,884 year-end encumbrances in the Capital Projects Fund are included in the \$20,571,550 restricted fund balance.

NOTE 15. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2020 consisted of the following:

	Governmental Funds			District Contribution Subsequent to the Measure- ment Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund	Capital Projects Fund			
State of New Jersey		\$ 82,955		\$ 1,355,306	\$ 1,438,261	
Salaries	\$ 173,589	5,687			179,276	
Vendors	191,926	67,198	\$ 467,885		727,009	\$ 13,764
	\$ 365,515	\$ 155,840	\$ 467,885	\$ 1,355,306	\$ 2,344,546	\$ 13,764

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District transferred \$17,512 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 450,000
Ending Balance, June 30, 2020	<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, 2020
(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, 2019	\$ 1,330,063
Add: Transfer from Unassigned Fund Balance per Board Resolution	1,500,000
Less: Budgeted Withdrawal from Maintenance Reserve	<u>(180,000)</u>
Ending Balance, June 30, 2020	<u><u>\$ 2,650,063</u></u>

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

A. Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB 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, 2020
(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
Inflation Rate	2.50%	2.50%
Salary Increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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, 2020

(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
	(15,499,912)
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

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, 2020
(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:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 16,204,825
	2018	9.51		13,699,578
			<u>6,663,080</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:

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 20. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. Also, there have been additional operating expenses in the General Fund which were not planned or expected at the time of the approval of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments. Revenues will likely be impacted as adjustments to the preschool program and the subscription busing program were made in response to COVID-19.

The District's Food Service and Field Rental/Joint Facilities Enterprise Funds will likely be impacted by COVID-19 for the fiscal year ending June 30, 2021. The District will likely limit the school day for at least part of the 2020-21 school year which will eliminate lunches being offered as the Food Service Program will not be running. With social distancing, field rental may be limited, reducing the scope of this program.

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's Proportion of the Net Pension Liability	0.1076168755%	0.1078048987%	0.1151853278%	0.1126986898%	0.1143666831%	0.1134126488%
District's Proportionate Share of the Net Pension Liability	\$ 20,148,822	\$ 24,200,039	\$ 34,114,590	\$ 26,234,454	\$ 22,518,230	\$ 20,435,239
District's Covered Employee Payroll	\$ 7,249,288	\$ 7,677,902	\$ 7,774,941	\$ 7,917,692	\$ 7,973,891	\$ 8,076,501
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%	253.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 887,178	\$ 926,833	\$ 1,032,163	\$ 1,070,057	\$ 1,151,998	\$ 1,145,460
Contributions in relation to the Contractually Required Contribution	(887,178)	(926,833)	(1,032,163)	(1,070,057)	(1,151,998)	(1,145,460)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 7,677,902	\$ 7,774,941	\$ 7,917,692	\$ 7,973,891	\$ 8,076,501	\$ 7,950,746
Contributions as a Percentage of Covered Employee Payroll	11.55%	11.92%	13.04%	13.42%	14.26%	14.41%

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

MILLBURN BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's Proportion of the Net Pension Liability Attributable to the District	0.3926406613%	0.4068492581%	0.4113368574%	0.4125498369%	0.4127866375%	0.4089868782%
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	\$ 250,999,107
District's Covered Employee Payroll	\$ 41,199,177	\$ 42,109,191	\$ 41,787,246	\$ 42,619,709	\$ 41,940,799	\$ 43,748,623
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%	573.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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 SIX FISCAL YEARS

	Fiscal Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 11,292,097	\$ 15,701,085	\$ 24,312,817	\$ 19,269,238	\$ 15,309,011	\$ 14,804,598
Contributions in relation to the contractually required contribution	(2,199,576)	(3,293,323)	(4,478,121)	(6,078,890)	(8,043,783)	(8,595,011)
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>	<u>\$ 6,209,587</u>
District's covered employee payroll	\$ 42,109,191	\$ 41,787,246	\$ 42,619,709	\$ 41,940,799	\$ 43,748,623	\$ 45,369,717
Contributions as a percentage of covered employee payroll	5.22%	7.88%	10.51%	14.49%	18.39%	18.94%

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

	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%

* Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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 plan actuary's modified MP-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 July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Changes of Actuarial Assumptions (Cont'd)

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Changes of Actuarial Assumptions (Cont'd)

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:

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, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

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 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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 86,558,845		\$ 86,558,845	\$ 86,558,845	
Tuition From Other LEAs				5,428	\$ 5,428
Tuition From Individuals	105,000		105,000	106,541	1,541
Transportation Fees From Individuals	800,000		800,000	838,965	38,965
Interest Earned on Capital Reserve Funds	70		70	33,800	33,730
Interest Earned on Maintenance Reserve Funds	10		10		(10)
Interest Earned on Emergency Reserve Funds	10		10		(10)
Unrestricted Miscellaneous Revenue	240,000		240,000	790,777	550,777
Total - Local Sources	87,703,935		87,703,935	88,334,356	630,421
State Sources:					
Transportation Aid	788,722		788,722	788,722	
Special Education Aid	2,341,288		2,341,288	2,341,288	
Security Aid	389,098		389,098	389,098	
Extraordinary Special Education Costs Aid	500,000		500,000	882,359	382,359
Excess Nonpublic School Transportation Costs				32,379	32,379
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				3,245,744	3,245,744
On-Behalf TPAF Pension Contributions (Non-Budgeted)				8,595,011	8,595,011
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				154,056	154,056
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				5,318	5,318
TPAF Social Security (Reimbursed - Non-Budgeted)				3,204,880	3,204,880
Total State Sources	4,019,108		4,019,108	19,638,855	15,619,747
Total Revenues	91,723,043		91,723,043	107,973,211	16,250,168

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 201,340	\$ (5,000)	\$ 196,340	\$ 196,340	
Kindergarten - Salaries of Teachers	1,805,333	(125,815)	1,679,518	1,679,518	
Grades 1-5 - Salaries of Teachers	10,242,612	(72,943)	10,169,669	10,169,668	\$ 1
Grades 6-8 - Salaries of Teachers	7,355,936	(264,726)	7,091,210	7,086,628	4,582
Grades 9-12 - Salaries of Teachers	9,917,086	(340,026)	9,577,060	9,574,915	2,145
Regular Programs - Home Instruction:					
Salaries of Teachers	25,000	18,000	43,000	34,807	8,193
Purchased Professional-Educational Services	24,000		24,000	7,296	16,704
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	125,564	(34,711)	90,853	90,852	1
Purchased Professional-Educational Services	125,925	608,393	734,318	622,007	112,311
Purchased Technical Services	798,144	(209,535)	588,609	575,295	13,314
Other Purchased Services (400-500 series)	1,072,732	84,757	1,157,489	1,156,006	1,483
General Supplies	814,460	1,530,212	2,344,672	2,281,701	62,971
Textbooks	362,104	(53,186)	308,918	308,918	
Total Regular Programs - Instruction	32,870,236	1,135,420	34,005,656	33,783,951	221,705
Special Education - Instruction:					
Cognitive - Moderate:	2,550	(2,550)			
Purchased Professional-Educational Services	2,550	(2,550)			
Total Cognitive - Moderate					
Learning and/or Language Disabilities:					
Salaries of Teachers	201,634	(5,900)	195,734	195,734	
Purchased Professional-Educational Services		11,857	11,857	4,759	7,098
General Supplies	8,000	(5,430)	2,570	2,043	527
Textbooks	1,000	(1,000)			
Total Learning and/or Language Disabilities	210,634	(473)	210,161	202,536	7,625

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction: (Cont'd)					
Auditory Impairments:					
Salaries of Teachers	\$ 97,166	\$	\$ 97,166	\$ 97,166	
General Supplies	7,020	(2,930)	4,090	4,090	
Total Auditory Impairments	104,186	(2,930)	101,256	101,256	
Multiple Disabilities:					
Salaries of Teachers	208,233	(2,000)	206,233	206,233	
Other Salaries for Instruction	67,340	(4,937)	62,403	62,340	\$ 63
Purchased Professional-Educational Services		6,150	6,150	1,722	
General Supplies	200	(108)	92	92	
Textbooks	300	(300)			
Total Multiple Disabilities	276,073	(1,195)	274,878	270,387	4,491
Resource Room/Resource Center:					
Salaries of Teachers	4,866,477	(55,225)	4,811,252	4,810,294	958
Purchased Professional-Educational Services		59,496	59,496	56,213	3,283
General Supplies	28,229	146,999	175,228	174,887	341
Textbooks	34,779	(21,161)	13,618	13,603	15
Total Resource Room/Resource Center	4,929,485	130,109	5,059,594	5,054,997	4,597
Autism:					
Salaries of Teachers	364,500	(3,751)	360,749	360,613	136
Other Salaries for Instruction	74,605	(1,239)	73,366	36,422	36,944
Purchased Professional-Educational Services		3,000	3,000	1,718	1,282
General Supplies	6,490	(904)	5,586	4,938	648
Total Autism	445,595	(2,894)	442,701	403,691	39,010

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 51,611	\$ 1,620	\$ 53,231	\$ 53,231	
Other Salaries for Instruction	87,600	19,592	107,192	107,192	
General Supplies	2,500	(500)	2,000	899	\$ 1,101
Total Preschool Disabilities - Part-Time	141,711	20,712	162,423	161,322	1,101
Preschool Disabilities - Full-Time:					
Salaries of Teachers	56,984	(1,000)	55,984	55,650	334
Other Salaries for Instruction	32,570	(1,500)	31,070	31,070	
Purchased Professional-Educational Services		2,615	2,615	1,319	
General Supplies	500	(418)	82	82	
Total Preschool Disabilities - Full-Time	90,054	(303)	89,751	88,121	1,630
Home Instruction:					
Salaries of Teachers	50,000	(10,000)	40,000	23,790	16,210
Purchased Professional-Educational Services	27,000	3,000	30,000	15,862	14,138
Total Home Instruction	77,000	(7,000)	70,000	39,652	30,348
Total Special Education - Instruction	6,277,288	133,476	6,410,764	6,321,962	88,802
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,082,539	39,916	1,122,455	1,117,234	5,221
Purchased Professional-Educational Services		66,587	66,587	64,645	1,942
General Supplies	4,000	(245)	3,755	3,755	
Total Basic Skills/Remedial - Instruction	1,086,539	106,258	1,192,797	1,185,634	7,163

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 389,303	\$ (45,905)	\$ 343,398	\$ 343,398	\$ 20,252
Purchased Professional-Educational Services	2,000	63,932	63,932	43,680	
General Supplies		660	2,660	2,660	
Total Bilingual Education - Instruction	391,303	18,687	409,990	389,738	20,252
School Sponsored Cocurricular Activities:					
Salaries	361,947	(2,500)	359,447	345,224	14,223
Other Objects	91,700	2,600	94,300	94,238	62
Total School-Sponsored Cocurricular Activities	453,647	100	453,747	439,462	14,285
School-Sponsored Athletics:					
Salaries	779,191	(1,500)	777,691	756,343	21,348
Purchased Services (300-500 series)	144,905	(22,678)	122,227	92,974	29,253
Supplies and Materials	98,750	35,640	134,390	97,899	36,491
Other Objects	17,865	(3,369)	14,496	4,931	9,565
Total School-Sponsored Athletics	1,040,711	8,093	1,048,804	952,147	96,657
Community Services Programs:					
Salaries	36,000		36,000	24,835	11,165
Total Community Services Programs	36,000		36,000	24,835	11,165
Total Instruction	42,155,724	1,402,034	43,557,758	43,097,729	460,029
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	557,993	671	558,664	441,971	116,693
Tuition to County Vocational School - Special	67,650	(11,400)	56,250	54,375	1,875
Tuition to Private Schools for the Handicapped Within State	1,992,422	(8,800)	1,983,622	1,955,170	28,452
Tuition to Private Schools for the Handicapped Outside State	253,874	(18,061)	235,813	235,813	
Total Undistributed Expenditures - Instruction	2,871,939	(37,590)	2,834,349	2,687,329	147,020

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

EXPENDITURES: CURRENT EXPENSE:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 693,576	\$ 5,192	\$ 698,768	\$ 698,722	\$ 46
Purchased Professional and Technical Services	70,400	(46,625)	23,775	23,775	
Other Purchased Services (400-500 series)	100		100		100
Supplies and Materials	23,559	(1,937)	21,622	17,608	4,014
Other Objects	1,850	(55)	1,795	1,395	400
Total Health Services	<u>789,485</u>	<u>(43,425)</u>	<u>746,060</u>	<u>741,500</u>	<u>4,560</u>
Speech, OT, PT & Related Services:					
Salaries	1,407,343	(23,035)	1,384,308	1,384,245	63
Purchased Professional - Educational Services	195,000	(53,329)	141,671	141,671	
Supplies and Materials	8,886	64,321	73,207	73,207	
Total Speech, OT, PT & Related Services	<u>1,611,229</u>	<u>(12,043)</u>	<u>1,599,186</u>	<u>1,599,123</u>	<u>63</u>
Other Support Services - Extraordinary Services:					
Salaries	2,763,867	(109,485)	2,654,382	2,654,382	
Purchased Professional - Educational Services		82,312	82,312	57,768	24,544
Supplies and Materials	800	(510)	290	290	
Total Other Support Services - Extraordinary Services	<u>2,764,667</u>	<u>(27,683)</u>	<u>2,736,984</u>	<u>2,712,440</u>	<u>24,544</u>
Guidance:					
Salaries of Other Professional Staff	1,066,907	(31,017)	1,035,890	1,035,890	
Salaries of Secretarial and Clerical Assistants	202,856	1,449	204,305	204,305	
Other Salaries	66,084		66,084	66,084	
Purchased Professional-Educational Services		22,381	22,381	16,759	5,622
Other Purchased Services (400-500 series)	2,500		2,500	771	1,729
Total Guidance	<u>1,338,347</u>	<u>(7,187)</u>	<u>1,331,160</u>	<u>1,323,809</u>	<u>7,351</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Child Study Team:					
Salaries of Other Professional Staff	\$ 2,535,674	\$ (152,352)	\$ 2,383,322	\$ 2,383,322	
Salaries of Secretarial and Clerical Assistants	291,007	(52,399)	238,608	238,608	
Purchased Professional - Educational Services	90,000	27,084	27,084	18,907	\$ 8,177
Other Purchased Professional and Technical Services	3,220	(63,964)	26,036	26,036	
Miscellaneous Purchased Services (400-500 series)	59,700	67,376	3,220	1,572	1,648
Supplies and Materials	10,378	(1,191)	127,076	126,935	141
Other Objects			9,187	5,142	4,045
Total Child Study Team	2,989,979	(175,446)	2,814,533	2,800,522	14,011
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	698,442	2,800	701,242	701,242	
Salaries of Other Professional Staff	610,094	(32,705)	577,389	577,389	
Salaries of Secretarial and Clerical Assistants	74,259	(13,599)	60,660	60,660	
Unused Vacation Payment to Terminated / Retired Staff		24,729	24,729	24,729	
Other Purchased Services (400-500 series)	3,000		3,000	519	2,481
Supplies and Materials	29,000	27,715	56,715	56,653	62
Other Objects	13,000	(6,353)	6,647	6,647	
Total Improvement of Instructional Services	1,427,795	2,587	1,430,382	1,427,839	2,543
Educational Media Services/School Library:					
Salaries	535,702	(98,463)	437,239	437,239	
Purchased Professional and Technical Services		45,992	45,992	44,921	1,071
Supplies and Materials	137,438	(12,980)	124,458	124,372	86
Total Educational Media Services/School Library	673,140	(65,451)	607,689	606,532	1,157
Instructional Staff Training Services:					
Salaries of Other Professional Staff	28,000		28,000	5,448	22,552
Other Salaries	30,000	(12,893)	17,107	15,871	1,236

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 53,500	\$ (43,448)	\$ 10,052	\$ 7,393	\$ 2,659
Other Purchased Services (400-500 series)	2,500		2,500	680	1,820
Supplies and Materials	4,200	(2,668)	1,532	1,532	
Other Objects	35,175	(440)	34,735	19,128	15,607
Total Instructional Staff Training Services	<u>153,375</u>	<u>(59,449)</u>	<u>93,926</u>	<u>50,052</u>	<u>43,874</u>
General Administration:					
Salaries	414,737	(11,034)	403,703	403,682	21
Legal Services	352,000	(2,970)	349,030	222,575	126,455
Audit Fees	58,000	1,500	59,500	59,500	
Architectural/Engineering Services	120,668	(81,168)	39,500	39,500	
Other Purchased Professional Services	13,000	11,888	24,888	24,888	
Communications/Telephone	268,500	(24,563)	243,937	226,522	17,415
BOE Other Purchased Services	3,000	(1,900)	1,100	1,100	
Miscellaneous Purchased Services (400-500 series)	62,500	(8,008)	54,492	54,456	36
General Supplies	4,500	(3,363)	1,137	899	238
BOE In-House Training/Meeting Supplies	800	(645)	155	155	
Miscellaneous Expenditures	25,500	(7,435)	18,065	8,381	9,684
BOE Membership Dues and Fees	30,000	(837)	29,163	29,163	
Total General Administration	<u>1,353,205</u>	<u>(128,535)</u>	<u>1,224,670</u>	<u>1,070,821</u>	<u>153,849</u>
School Administration:					
Salaries of Principals/Assistant Principals	1,918,908	(65,544)	1,853,364	1,853,364	
Salaries of Other Professional Staff	507,833		507,833	495,249	12,584
Salaries of Secretarial and Clerical Assistants	920,833	(29,685)	891,148	871,880	19,268
Other Salaries	2,800		2,800	2,660	140
Supplies and Materials	143,259	(33,249)	110,010	100,837	9,173

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)	\$ 35,327	\$ (3,263)	\$ 32,064	\$ 21,759	\$ 10,305
School Administration: (Cont'd)					
Other Objects		(131,741)	3,397,219	3,345,749	51,470
Total School Administration	849,857	53,450	903,307	903,307	
Central Services:					
Salaries	24,000	9,411	9,411	9,411	
Unused Vacation Payment to Terminated / Retired Staff	59,400	(12,000)	12,000	12,000	
Purchased Professional Services	2,500	(1,312)	58,088	57,560	528
Purchased Technical Services	22,500	(500)	2,000	535	1,465
Miscellaneous Purchased Services (400-500 series)	127,750	(11,567)	10,933	9,814	1,119
Supplies and Materials	1,086,007	(32,802)	94,948	32,544	62,404
Miscellaneous Expenditures					
Total Central Services	689,749	4,680	1,090,687	1,025,171	65,516
Administrative Information Technology:					
Salaries	65,350	(32,108)	657,641	657,641	
Unused Vacation Payment to Terminated / Retired Staff	28,823	20,966	20,966	20,966	
Purchased Professional Services	7,500	(18,498)	46,852	46,852	
Purchased Technical Services	15,500	6,782	35,605	32,264	3,341
Other Purchased Services (400-500 series)	4,780	5,143	7,500	756	6,744
Supplies and Materials	811,702	795	20,643	20,643	
Other Objects			5,575	5,575	
Total Administrative Information Technology	412,848	(16,920)	794,782	784,697	10,085
Required Maintenance for School Facilities:					
Salaries	1,100,057	(2,357)	410,491	391,276	19,215
Cleaning, Repair and Maintenance Services	220,000	1,375,924	2,475,981	2,409,319	66,662
General Supplies		1,595	221,595	206,594	15,001

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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	\$ 92,729	\$ 152,098	\$ 244,827	\$ 243,840	\$ 987
Total Required Maintenance for School Facilities	<u>1,825,634</u>	<u>1,527,260</u>	<u>3,352,894</u>	<u>3,251,029</u>	<u>101,865</u>
Custodial Services:					
Salaries	2,376,562	(14,838)	2,361,724	2,312,628	49,096
Salaries of Non-Instructional Aides	521,409	(197,212)	324,197	315,454	8,743
Unused Vacation Payment to Terminated / Retired Staff		3,995	3,995	3,995	
Purchased Professional and Technical Services	62,650	8,275	70,925	70,924	1
Cleaning, Repair and Maintenance Services	445,000	(78,844)	366,156	294,566	71,590
Lease Purchase Payments- Energy Savings Program	348,708		348,708	348,708	
Other Purchased Property Services	110,000		110,000	103,332	6,668
Insurance	525,000	(19,830)	505,170	448,880	56,290
Miscellaneous Purchased Services	3,750	120	3,870	120	3,750
General Supplies	183,500	35,569	219,069	201,061	18,008
Energy (Natural Gas)	282,500	(30,000)	252,500	248,610	3,890
Energy (Electricity)	675,000		675,000	596,157	78,843
Other Objects	1,550	(1,350)	200		200
Total Custodial Services	<u>5,535,629</u>	<u>(294,115)</u>	<u>5,241,514</u>	<u>4,944,435</u>	<u>297,079</u>
Care & Upkeep of Grounds:					
Salaries	190,153		190,153	172,214	17,939
Cleaning, Repair and Maintenance Services	63,000	11,580	74,580	69,552	5,028
General Supplies	25,000	(2,644)	22,356	21,104	1,252
Total Care & Upkeep of Grounds	<u>278,153</u>	<u>8,936</u>	<u>287,089</u>	<u>262,870</u>	<u>24,219</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Security:					
Salaries	\$ 233,286	\$ 1,672	\$ 234,958	\$ 225,268	\$ 9,690
Purchased Professional and Technical Services	41,500	(36,880)	4,620	4,620	
Cleaning, Repair and Maintenance Services	20,000	(14,679)	5,321	5,321	
General Supplies	15,000	4,679	19,679	13,253	6,426
Total Security	<u>309,786</u>	<u>(45,208)</u>	<u>264,578</u>	<u>248,462</u>	<u>16,116</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	127,160	(12,902)	114,258	92,520	21,738
Between Home and School - Regular	215,342	10,605	225,947	220,622	5,325
Between Home and School - Special Education	190,709	(20,821)	169,888	155,233	14,655
Other than Between Home and School	76,500	(5,000)	71,500	50,725	20,775
Unused Vacation Payment to Terminated / Retired Staff	74,000	651	74,651	47,892	26,759
Cleaning, Repair and Maintenance Services	70,000	(9,000)	61,000	48,460	12,540
Lease Payments - Buses	25,000	(48)	24,952	12,401	12,551
Aid in Lieu of Payments for Nonpublic School Students	200,000	(85,457)	114,543	87,671	26,872
Contracted Services:					
Between Home and School - Vendors	34,052	1,450	35,502	32,315	3,187
Other than Between Home and School - Vendors	106,500	(7,431)	99,069	64,444	34,625
Special Education Students - Vendors	9,180		9,180	6,300	2,880
Regular Education Students - ESCs & CTSA	1,671,772	(112,059)	1,559,713	1,295,885	263,828
Special Education Students - ESCs & CTSA	825,000	99,958	924,958	830,844	94,114
Miscellaneous Purchased Services - Transportation	29,100	(96)	29,004	16,858	12,146
General Supplies	33,000		33,000	13,279	19,721
Transportation Supplies	500		500		500
Other Objects	2,000	(1,000)	1,000	262	738
Total Student Transportation Services	<u>3,689,815</u>	<u>(141,150)</u>	<u>3,548,665</u>	<u>2,975,711</u>	<u>572,954</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Unallocated Benefits:					
Social Security Contributions	\$ 1,200,000		\$ 1,200,000	\$ 922,972	\$ 277,028
Other Retirement Contributions - PERS	1,290,000	\$ (144,540)	1,145,460	1,145,460	
Other Retirement Contributions - Deferred PERS Payment	39,270		39,270	37,742	1,528
Other Retirement Contributions - Regular	43,000		43,000	36,410	6,590
Workmen's Compensation	400,000		400,000	399,824	176
Health Benefits	14,665,550	(1,621,004)	13,044,546	11,383,977	1,660,569
Tuition Reimbursement	140,000	7,170	147,170	79,371	67,799
Other Employee Benefits	762,200	(43,000)	719,200	711,369	7,831
Unused Sick Payment to Terminated / Retired Staff	150,000	11,165	161,165	110,189	50,976
Total Unallocated Benefits	<u>18,690,020</u>	<u>(1,790,209)</u>	<u>16,899,811</u>	<u>14,827,314</u>	<u>2,072,497</u>
On-Behalf Contributions (Non-budgeted):					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				3,245,744	(3,245,744)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				8,595,011	(8,595,011)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				154,056	(154,056)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				5,318	(5,318)
TPAF Social Security (Reimbursed - Non-Budgeted)				3,204,880	(3,204,880)
Total On-Behalf Contributions (Non-Budgeted)				<u>15,205,009</u>	<u>(15,205,009)</u>
Total Employee Benefits	<u>18,690,020</u>	<u>(1,790,209)</u>	<u>16,899,811</u>	<u>30,032,323</u>	<u>(13,132,512)</u>
Total Undistributed Expenditures	<u>51,728,867</u>	<u>(1,432,689)</u>	<u>50,296,178</u>	<u>61,890,414</u>	<u>(11,594,236)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>93,884,591</u>	<u>(30,655)</u>	<u>93,853,936</u>	<u>104,988,143</u>	<u>(11,134,207)</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5	\$ 6,500	\$ (6,500)			
Grades 9-12	62,929	(30,074)	\$ 32,855	\$ 14,252	\$ 18,603
School-Sponsored/Athletics	9,500	(3,605)	5,895	5,895	
Undistributed Expenditures:					
Instruction	63,000	(35,586)	27,414	18,936	8,478
Required Maintenance for School Facilities		61,397	61,397	61,397	
Custodial Services	60,000	(33,824)	26,176	26,176	
Security		2,497	2,497		2,497
School Buses - Regular		63,207	63,207		63,207
Total Equipment	201,929	17,512	219,441	126,656	92,785
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	21,675		21,675		21,675
Construction Services	78,740		78,740	74,300	4,440
Assessment for Debt Service on SDA Funding	76,212		76,212	76,212	
Total Facilities Acquisition and Construction Services	176,627		176,627	150,512	26,115
TOTAL CAPITAL OUTLAY	378,556	17,512	396,068	277,168	118,900
Transfer of Funds to Charter Schools		13,143	13,143	13,143	
TOTAL EXPENDITURES	94,263,147		94,263,147	105,278,454	(11,015,307)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(2,540,104)		(2,540,104)	2,694,757	5,234,861
Fund Balance, July 1	11,820,389		11,820,389	11,820,389	
Fund Balance, June 30	\$ 9,280,285	\$ -0-	\$ 9,280,285	\$ 14,515,146	\$ 5,234,861

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 4,401,248	
Emergency Reserve				450,000	
Maintenance Reserve				2,650,063	
Excess Surplus - Restricted For 2021-2022				2,242,000	
Excess Surplus - Restricted For 2020-2021				2,242,000	
Assigned Fund Balance:					
Year End Encumbrances				313,628	
Unassigned Fund Balance				2,216,207	
				<u>14,515,146</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(337,169)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 14,177,977</u>	

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 205,465	\$ 205,465	\$ 104,611	\$ (100,854)
State Sources	372,577	(789)	371,788	294,104	(77,684)
Federal Sources	1,189,006	632,857	1,821,863	1,411,411	(410,452)
Total Revenues	1,561,583	837,533	2,399,116	1,810,126	(588,990)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		208,169	208,169	170,906	37,263
Purchased Professional and Technical Services		73,528	73,528	55,887	17,641
Tuition	1,171,187	(214,540)	956,647	949,048	7,599
General Supplies	78,080	72,949	151,029	52,078	98,951
Other Objects	156,158	(78,446)	77,712	24,292	53,420
Total Instruction	1,405,425	61,660	1,467,085	1,252,211	214,874
Support Services:					
Salaries of Other Professional Staff		165,132	165,132	90,396	74,736
Personal Services - Employee Benefits		98,131	98,131	85,312	12,819
Purchased Professional and Technical Services	156,158	213,971	370,129	221,186	148,943
Other Purchased Services		29,373	29,373	13,277	16,096
Supplies and Materials		76,100	76,100	56,414	19,686
Other Objects		72,663	72,663	16,011	56,652
Total Support Services	156,158	655,370	811,528	482,596	328,932
Facilities Acquisition and Construction Services:					
Building/Renovation		50,359	50,359		50,359
Non-Instructional Equipment		70,144	70,144	75,319	(5,175)
Total Facilities Acquisition and Construction Services		120,503	120,503	75,319	45,184
Total Expenditures	\$ 1,561,583	\$ 837,533	\$ 2,399,116	\$ 1,810,126	\$ 588,990

MILLBURN TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 107,973,211	\$ 1,810,126
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		(82,405)
Cancellation of Prior Year Encumbrances		(1,287)
Prior Year Encumbrances		146,327
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	305,745	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(337,169)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 107,941,787	\$ 1,872,761
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 105,278,454	\$ 1,810,126
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		(82,405)
Cancellation of Prior Year Encumbrances		(1,287)
Prior Year Encumbrances		146,327
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 105,278,454	\$ 1,872,761

MILLBURN TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MILLBURN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	I.D.E.A.						
	Basic	Preschool	Nursing	Textbooks	Technology Initiative	Security Aid	Nonpublic
REVENUES:							
Local Sources							
State Sources							
Federal Sources							
Total Revenues	\$ 974,778	\$ 30,587	\$ 48,888	\$ 25,927	\$ 16,011	\$ 56,314	
	<u>974,778</u>	<u>30,587</u>	<u>48,888</u>	<u>25,927</u>	<u>16,011</u>	<u>56,314</u>	
EXPENDITURES:							
Instruction:							
Salaries of Teachers	949,048						
Purchased Professional and Technical Services	2,974	11,116		25,927			
Tuition							
General Supplies							
Other Objects							
Total Instruction	<u>952,022</u>	<u>11,116</u>		<u>25,927</u>			
Support Services:							
Salaries of Other Professional Staff		11,124					
Personal Services - Employee Benefits		851					
Purchased Professional and Technical Services	22,756		48,888				
Other Purchased Services		7,496					
Supplies and Materials						56,314	
Other Objects					16,011		
Total Support Services	<u>22,756</u>	<u>19,471</u>	<u>48,888</u>		<u>16,011</u>	<u>56,314</u>	
Facilities Acquisition and Construction Services:							
Non-Instructional Equipment							
Total Facilities Acquisition and Construction Services							
Total Expenditures	\$ 974,778	\$ 30,587	\$ 48,888	\$ 25,927	\$ 16,011	\$ 56,314	
	<u>974,778</u>	<u>30,587</u>	<u>48,888</u>	<u>25,927</u>	<u>16,011</u>	<u>56,314</u>	

MILLBURN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Nonpublic		Nonpublic Handicapped Services			
	Private Donations	Auxiliary Services		Supplementary Instruction	Examination and Classification	Corrective Speech
		Compensatory Education	English as a Second Language			
REVENUES:						
Local Sources	\$ 104,611					
State Sources		\$ 30,015	\$ 744	\$ 24,528	\$ 52,213	\$ 39,464
Federal Sources						
Total Revenues	<u>104,611</u>	<u>30,015</u>	<u>744</u>	<u>24,528</u>	<u>52,213</u>	<u>39,464</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services		30,015	744	24,528		
Tuition						
General Supplies	5,000					
Other Objects	24,292					
Total Instruction	<u>29,292</u>	<u>30,015</u>	<u>744</u>	<u>24,528</u>		
Support Services:						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services					52,213	39,464
Other Purchased Services						
Supplies and Materials						
Other Objects						
Total Support Services					<u>52,213</u>	<u>39,464</u>
Facilities Acquisition and Construction Services:						
Non-Instructional Equipment	75,319					
Total Facilities Acquisition and Construction Services	<u>75,319</u>					
Total Expenditures	<u>\$ 104,611</u>	<u>\$ 30,015</u>	<u>\$ 744</u>	<u>\$ 24,528</u>	<u>\$ 52,213</u>	<u>\$ 39,464</u>

TOWNSHIP OF MILLBURN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act				Totals
	Title I	Title IIA	Title III	Title III Immigrant	
REVENUES:					
Local Sources					\$ 104,611
State Sources					294,104
Federal Sources	\$ 328,187	\$ 53,254	\$ 13,237	\$ 2,476	\$ 8,892
Total Revenues	<u>328,187</u>	<u>53,254</u>	<u>13,237</u>	<u>2,476</u>	<u>1,411,411</u>
					<u>1,810,126</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	164,178		5,688	1,040	170,906
Purchased Professional and Technical Services			600		55,887
Tuition					949,048
General Supplies	791		4,914	1,356	52,078
Other Objects					24,292
Total Instruction	<u>164,969</u>		<u>11,202</u>	<u>2,396</u>	<u>1,252,211</u>
Support Services:					
Salaries of Other Professional Staff	79,272				90,396
Personal Services - Employee Benefits	83,946		435	80	85,312
Purchased Professional and Technical Services		48,314	1,500		221,186
Other Purchased Services		4,940			13,277
Supplies and Materials					56,414
Other Objects			100		16,011
Total Support Services	<u>163,218</u>	<u>53,254</u>	<u>2,035</u>	<u>80</u>	<u>482,596</u>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment					75,319
Total Facilities Acquisition and Construction Services					<u>75,319</u>
Total Expenditures	<u>\$ 328,187</u>	<u>\$ 53,254</u>	<u>\$ 13,237</u>	<u>\$ 2,476</u>	<u>\$ 1,810,126</u>

CAPITAL PROJECTS FUND

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenue and Other Financing Sources:	
Interest on Investments	\$ 67,046
Bond Proceeds	20,500,000
	<hr/>
Total Revenue and Other Financing Sources	20,567,046
	<hr/>
Expenditures and Other Financing Uses:	
Legal Services	178,473
Purchased Professional and Technical Services	685,380
Construction Services	1,655,858
Furniture and Equipment	64,317
Transfer to Debt Service Fund:	
Interest on Investments	67,046
	<hr/>
Total Expenditures and Other Financing Uses	2,651,074
	<hr/>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	17,915,972
	<hr/>
Fund Balance - Beginning of Year	2,655,578
	<hr/>
Fund Balance - End of Year	\$ 20,571,550
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 14,842,666
Restricted - Year End Encumbrances	5,728,884
	<hr/>
Total Restricted Fund Balance - Budgetary/GAAP Basis	\$ 20,571,550
	<hr/> <hr/>

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, 2020

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 25,593,000		\$ 25,593,000	\$ 25,593,000
Total Revenue and Other Financing Sources	25,593,000		25,593,000	25,593,000
Expenditures:				
Legal Services	157,449		157,449	200,000
Purchased Professional and Technical Services	2,195,320	\$ 14,668	2,209,988	2,385,446
Construction Services	16,621,682	1,214,296	17,835,978	18,102,554
Furniture and Equipment	712,971	64,317	777,288	1,355,000
Purchase of Building	3,250,000		3,250,000	3,550,000
Total Expenditures	22,937,422	1,293,281	24,230,703	25,593,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 2,655,578	\$ (1,293,281)	\$ 1,362,297	\$ -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	95%
Original Target Completion Date	06/30/19
Revised Target Completion Date	06/30/21

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2020 REFERENDUM PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds		\$ 20,500,000	\$ 20,500,000	\$ 20,500,000
Total Revenue and Other Financing Sources		20,500,000	20,500,000	20,500,000
Expenditures:				
Legal Services		178,473	178,473	178,871
Purchased Professional and Technical Services		670,712	670,712	2,706,072
Construction Services		441,562	441,562	17,595,057
Furniture and Equipment				20,000
Total Expenditures		1,290,747	1,290,747	20,500,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 19,209,253	\$ 19,209,253	\$ -0-

Additional Project Information:

Project Number	3190-XXX-XX-1000
Grant Date	N/A
Bond Authorization Date	04/21/20
Bonds Authorized	\$ 20,500,000
Bonds Issued	\$ 20,500,000
Original Authorized Cost	\$ 20,500,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 20,500,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	6%
Original Target Completion Date	06/30/25
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service	Field Rental/ Joint Facilities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 312,455	\$ 47,539	\$ 359,994
Inventories	35,400		35,400
Total Current Assets	<u>347,855</u>	<u>47,539</u>	<u>395,394</u>
Non-Current Assets:			
Capital Assets	245,216		245,216
Less: Accumulated Depreciation	<u>(113,922)</u>		<u>(113,922)</u>
Total Non-Current Assets	<u>131,294</u>		<u>131,294</u>
Total Assets	<u>479,149</u>	<u>47,539</u>	<u>526,688</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	13,764		13,764
Unearned Revenue	<u>56,332</u>		<u>56,332</u>
Total Current Liabilities	<u>70,096</u>		<u>70,096</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	131,294		131,294
Unrestricted	<u>277,759</u>	<u>47,539</u>	<u>325,298</u>
Total Net Position	<u>\$ 409,053</u>	<u>\$ 47,539</u>	<u>\$ 456,592</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, 2020

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food</u>	<u>Field Rental/</u>	
	<u>Service</u>	<u>Joint Facilities</u>	<u>Total</u>
Operating Revenue:			
Daily Sales:			
Non-Reimbursable Programs	\$ 546,182		\$ 546,182
Charges for Services:			
Program Fees		\$ 37,463	37,463
Special Events	756		756
Miscellaneous Revenue	44,756		44,756
Total Operating Revenue	<u>591,694</u>	<u>37,463</u>	<u>629,157</u>
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs	251,152		251,152
Salaries	160,376		160,376
Employee Benefits & Payroll Taxes	71,542		71,542
Purchased Professional and Technical Services	63,384		63,384
Other Purchased Services	5,727		5,727
Cleaning, Repair and Maintenance Services		67,158	67,158
Supplies and Materials	24,781		24,781
Miscellaneous Expense	3,212		3,212
Depreciation Expense	14,876		14,876
Total Operating Expenses	<u>595,050</u>	<u>67,158</u>	<u>662,208</u>
Operating Loss	(3,356)	(29,695)	(33,051)
Non-Operating Revenue:			
Local Sources:			
Interest Earnings	3,736		3,736
Total Non-Operating Income	<u>3,736</u>		<u>3,736</u>
Change in Net Position	380	(29,695)	(29,315)
Net Position - Beginning of Year	<u>408,673</u>	<u>77,234</u>	<u>485,907</u>
Net Position - End of Year	<u>\$ 409,053</u>	<u>\$ 47,539</u>	<u>\$ 456,592</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service	Field Rental/ Joint Facilities	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 612,982	\$ 37,463	\$ 650,445
Payments to Food Service Contractors	(639,837)		(639,837)
Payments to Suppliers	(1,786)	(67,158)	(68,944)
Net Cash Used for Operating Activities	<u>(28,641)</u>	<u>(29,695)</u>	<u>(58,336)</u>
Cash Flows from Investment Activities:			
Interest Income	3,736		3,736
Net Cash Provided by Investing Activities	<u>3,736</u>		<u>3,736</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(37,221)		(37,221)
Net Cash Used for Capital and Related Financing Activities	<u>(37,221)</u>		<u>(37,221)</u>
Net Decrease in Cash and Cash Equivalents	(62,126)	(29,695)	(91,821)
Cash and Cash Equivalents, July 1	<u>374,581</u>	<u>77,234</u>	<u>451,815</u>
Cash and Cash Equivalents, June 30	<u>\$ 312,455</u>	<u>\$ 47,539</u>	<u>\$ 359,994</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	\$ (3,356)	\$ (29,695)	(33,051)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	14,876		14,876
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable	1,698		1,698
(Increase) in Inventory	(20,451)		(20,451)
(Decrease) in Accounts Payable	(40,998)		(40,998)
Increase in Unearned Revenue	19,590		19,590
Net Cash Used for Operating Activities	<u>\$ (28,641)</u>	<u>\$ (29,695)</u>	<u>\$ (58,336)</u>

FIDUCIARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Agency</u>				
	<u>Student Activity</u>	<u>Payroll</u>	<u>Totals</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 570,546	\$ 40,548	\$ 611,094	\$ 496,563	\$ 95,980
Total Assets	570,546	40,548	611,094	496,563	95,980
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	570,546	40,548	40,548		
Total Liabilities	570,546	40,548	611,094		
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Claims				496,563	
Flexible Spending Claims					95,980
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 496,563	\$ 95,980

MILLBURN TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Trust	Flexible Spending Trust
ADDITIONS:		
Contributions:		
Plan Members	\$ 62,695	\$ 224,775
Total Contributions	62,695	224,775
Total Additions	62,695	224,775
DEDUCTIONS:		
Unemployment Benefit Claims	28,535	
Flexible Spending Claims		233,736
Total Deductions	28,535	233,736
Change in Net Position	34,160	(8,961)
Net Position - Beginning of the Year	462,403	104,941
Net Position - End of the Year	\$ 496,563	\$ 95,980

MILLBURN TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 407,673	\$ 715,869	\$ 552,996	\$ 570,546
Total Assets	<u>\$ 407,673</u>	<u>\$ 715,869</u>	<u>\$ 552,996</u>	<u>\$ 570,546</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 407,673	\$ 715,869	\$ 552,996	\$ 570,546
Total Liabilities	<u>\$ 407,673</u>	<u>\$ 715,869</u>	<u>\$ 552,996</u>	<u>\$ 570,546</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 146,475	\$ 69,795,207	\$ 69,901,134	\$ 40,548
Total Assets	<u>\$ 146,475</u>	<u>\$ 69,795,207</u>	<u>\$ 69,901,134</u>	<u>\$ 40,548</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 146,475	\$ 69,795,207	\$ 69,901,134	\$ 40,548
Total Liabilities	<u>\$ 146,475</u>	<u>\$ 69,795,207</u>	<u>\$ 69,901,134</u>	<u>\$ 40,548</u>

LONG-TERM DEBT

MILLBURN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding				Balance June 30, 2020		
			Date	Amount	Interest Rate	Balance July 1, 2019			
							Issued	Matured	Balance June 30, 2020
School Bonds	07/15/95	\$ 22,420,000				\$ 1,149,000		\$ 1,149,000	
Refunding Bonds	12/12/06	9,180,000	01/15/21	\$ 810,000	3.700%				
			01/15/22	795,000	3.700%	2,425,000		820,000	\$ 1,605,000
Refunding Bonds	07/20/11	7,920,000	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%	3,795,000		730,000	3,065,000
Refunding Bonds	02/19/15	12,110,000	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%		11,135,000	1,015,000	10,120,000	

MILLBURN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance July 1, 2019	Issued	Matured	Balance June 30, 2020
			Date	Amount	June 30, 2020	June 30, 2020					
School Bonds	12/06/16	\$ 25,593,000	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%	\$ 25,393,000		\$ 300,000	\$ 25,093,000	

MILLBURN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance July 1, 2019	Issued	Matured	Balance June 30, 2020
			Date	Amount	June 30, 2020	Amount					
School Bonds	04/21/20	\$ 20,500,000		\$ 400,000		2.000%					
				1,000,000		2.000%					
				1,650,000		2.000%					
				1,650,000		2.000%					
				1,600,000		2.000%					
				1,600,000		2.500%					
				1,600,000		2.500%					
				1,600,000		2.500%					
				1,600,000		2.500%					
				1,600,000		2.500%					
				1,600,000		2.500%					
				1,600,000		2.500%					
				1,000,000		2.500%					
				1,000,000		2.500%					
				1,000,000		2.500%					
							\$ 43,897,000	\$ 20,500,000	\$ 4,014,000	\$ 20,500,000	
										\$ 60,383,000	

MILLBURN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Purpose	Interest Rate	Original Issue	Balance July 1, 2019	Matured	Balance June 30, 2020
Energy Savings Improvement Project	2.41%	4,483,000	\$ 3,568,111	\$ 264,299	\$ 3,303,812
29 Passenger Bus	2.995%	58,500	35,079	11,349	23,730
MacBook Air, iMac, MacBook Pro and Bretford Mobility Cart	3.957%	1,820,602	1,340,759	431,039	909,720
Chromebooks	4.24%	885,129	649,880	207,697	442,183
Chromebooks	4.04%	452,649	334,792	108,665	226,127
			<u>\$ 5,928,621</u>	<u>\$ 1,023,049</u>	<u>\$ 4,905,572</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,920,615		\$ 4,920,615	\$ 4,920,615	
State Sources:					
Debt Service Aid Type II	571,700		571,700	571,700	
Total Revenues	5,492,315		5,492,315	5,492,315	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,671,031		1,671,031	1,671,031	
Redemption of Principal	4,014,000		4,014,000	4,014,000	
Total Expenditures	5,685,031		5,685,031	5,685,031	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(192,716)		(192,716)	(192,716)	
Other Financing Sources:					
Transfer from Capital Projects Fund:					
Interest Earned				67,046	\$ 67,046
Total Other Financing Sources				67,046	67,046
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(192,716)		(192,716)	(125,670)	67,046
Fund Balance, July 1	315,891		315,891	315,891	
Fund Balance, June 30	\$ 123,175	\$ -0-	\$ 123,175	\$ 190,221	\$ 67,046
<u>Recapitulation:</u>					
Restricted - For Subsequent Year's Expenditures				\$ 123,175	
Restricted				67,046	
Total Restricted Fund Balance				\$ 190,221	

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

	<u>Exhibit</u>
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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 32,080,148
Restricted	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	13,537,829
Unrestricted (Deficit)	406,232	(285,216)	(343,727)	(20,235,005)	(22,788,588)	(20,496,217)	(25,538,115)	(26,700,182)	(27,251,342)	(27,604,775)
Total Governmental Activities Net Position	\$ 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	\$ 18,013,202
Business-type Activities:										
Investment in Capital Assets	\$ 49,526	\$ 41,873	\$ 55,364	\$ 46,386	\$ 57,281	\$ 55,293	\$ 61,764	\$ 74,734	\$ 108,949	\$ 131,294
Unrestricted	339,300	407,204	442,047	514,707	492,834	394,635	421,512	402,686	376,958	325,298
Total Business-type Activities Net Position	\$ 388,826	\$ 449,077	\$ 497,411	\$ 561,093	\$ 550,115	\$ 449,928	\$ 483,276	\$ 477,420	\$ 485,907	\$ 456,592
District-wide:										
Net Investment in Capital Assets	\$ 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	\$ 32,211,442
Restricted	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	13,537,829
Unrestricted (Deficit)	745,532	121,988	98,320	(19,720,298)	(22,295,754)	(20,101,582)	(25,116,603)	(26,297,496)	(26,874,384)	(27,279,477)
Total District Net Position	\$ 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	\$ 18,469,794

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 58,682,297
Special Education	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	11,383,817
Other Special Education	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	2,744,389
Other Instruction	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	1,798,279
Support Services:										
Tuition	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	3,636,377
Student & Instruction Related Services	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	17,844,740
General Administrative Services	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	1,413,123
School Administrative Services	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	5,433,436
Central Services	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	1,405,582
Administrative Information Technology	607,962	591,596	711,810	819,105	881,864	987,689	1,010,471	967,382	1,146,112	1,176,529
Plant Operations and Maintenance	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	9,761,668
Pupil Transportation	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	3,182,580
Transfer of Funds to Charter School						34,471	30,316			13,143
Interest on Long-term Debt	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	1,530,824
Unallocated Depreciation	53,260	52,488	42,878	123,337	99,280	88,705				
Total Governmental Activities Expenses	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	120,006,784
Business-type Activities:										
Food Service	575,874	594,156	564,764	602,583	690,178	760,617	736,619	784,318	807,173	595,050
Field Rental/Joint Facilities	69,846	23,485	28,120	21,292	58,600	183,900	78,423	76,022	100,600	67,158
Total Business-type Activities Expense	645,720	617,641	592,884	623,875	748,778	944,517	815,042	860,340	907,773	662,208
Total District-wide Expenses	\$ 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	\$ 120,668,992
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	\$ 111,969
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	668,194	956,650	838,965
Operating Grants and Contributions	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	31,169,565
Capital Grants and Contributions				435,655		583,331				
Total Governmental Activities Program Revenues	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	32,120,499

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues:										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 631,539	\$ 607,425	\$ 562,411	\$ 615,182	\$ 675,733	\$ 776,827	\$ 794,772	\$ 805,799	\$ 862,892	\$ 591,694
Field Rental/Joint Facilities	69,358	51,228	57,115	42,491	62,780	67,880	53,241	48,952	52,280	37,463
Operating Grants and Contributions	13,541	19,019	21,462	29,612						
Total Business-type Activities Program Revenues	714,438	677,672	640,988	687,285	738,513	844,707	848,013	854,751	915,172	629,157
Total District-wide Program Revenues	\$ 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	\$ 32,749,656
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (87,886,285)
Business-type Activities	68,718	60,031	48,104	63,410	(10,265)	(99,810)	32,971	(5,589)	7,399	(33,051)
Total District-wide Net Expense	\$ (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)	\$ (87,919,336)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 86,558,845
Taxes Levied for Debt Service	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	4,920,615
Unrestricted Grants and Contributions	288,891	258,550	318,376	324,298	408,990	413,122	466,108	761,207	920,995	961,027
Investment Earnings	19,499	2,234	2,045	426	394	935	43,481	212,792	199,243	284,402
Miscellaneous Income	92,771	223,694	254,578	220,240	264,957	146,646	400,477	269,461	546,808	607,221
Transfers	964									
Insurance Recovery Related to Other Costs of Super Storm Sandy			227,096							
Total Governmental Activities	75,062,555	76,065,408	77,146,211	78,381,279	79,949,747	82,429,790	84,973,129	88,274,942	91,046,692	93,332,110
Business-type Activities:										
Investment Earnings	169	220	230	272	271	292	377	466	1,088	3,736
Transfers	(964)									
Disposal of Capital Assets					(984)	(669)		(733)		
Total Business-type Activities	(795)	220	230	272	(713)	(377)	377	(267)	1,088	3,736
Total District-wide General Revenues and Other Changes in Net Position	\$ 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	\$ 93,335,846
Change in Net Position:										
Governmental Activities	\$ 1,615,346	\$ (402,474)	\$ 739,690	\$ 2,943,787	\$ 1,665,478	\$ 2,950,753	\$ 283,916	\$ 4,285,433	\$ 3,072,046	\$ 5,445,825
Business-type Activities	67,923	60,251	48,334	63,682	(10,978)	(100,187)	33,348	(5,856)	8,487	(29,315)
Total District-wide Change in Net Position	\$ 1,683,269	\$ (342,223)	\$ 788,024	\$ 3,007,469	\$ 1,654,500	\$ 2,850,566	\$ 317,264	\$ 4,279,577	\$ 3,080,533	\$ 5,416,510

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted	\$ 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	\$ 11,985,311
Assigned	978,492	783,434	934,503	900,167	391,347	925,655	1,257,548	1,000,990	518,194	313,628
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	1,879,038
Total General Fund	\$ 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	\$ 14,177,977
All Other Governmental Funds:										
Restricted	\$ 2,124,414	\$ 1,013,608	\$ 652,272	\$ 424,317	\$ 238,137	\$ 119,248	\$ 20,641,931	\$ 12,884,943	\$ 2,971,469	\$ 20,761,771
Committed	16,085	16,085			833,644	2,945,830	376,183	215,622		
Total All Other Governmental Funds	\$ 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	\$ 20,761,771
Total Governmental Funds	\$ 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	\$ 34,939,748

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Tax Levy	\$ 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	\$ 91,479,460
Tuition Charges	479,353	504,805	383,691	323,564	215,131	209,258	234,173	111,109	132,497	111,969
Transportation Fees		602,560	648,246	653,446	680,764	715,380	729,291	668,194	956,650	838,965
Interest Earnings	1,640	535	564	300	86	584	3,495	16,334	41,222	33,800
Miscellaneous	217,205	440,362	439,635	451,220	575,764	316,758	537,724	1,018,500	959,365	1,081,383
State Sources	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	20,416,921
Federal Sources	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	1,411,411
Total Revenue	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	115,373,909
Expenditures:										
Instruction:										
Regular Instruction	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	34,071,024
Special Education Instruction	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	6,336,052
Other Special Instruction	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	1,575,372
School-Sponsored/Other Instruction	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	1,416,444
Support Services:										
Tuition	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	3,636,377
Student & Other Instruction Related Services	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	11,688,099
General Administrative Services	878,662	1,046,202	913,259	1,374,606	1,580,988	1,037,577	1,234,410	961,559	1,158,228	1,070,821
School Administrative Services	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	3,345,749
Central Services	889,314	866,916	900,911	925,461	982,523	1,074,412	1,096,422	1,071,473	1,038,973	1,025,171
Administrative Information Technology	607,962	591,596	667,670	741,734	795,951	785,485	775,100	803,529	825,688	784,697
Plant Operations and Maintenance	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	8,706,796
Student Transportation	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	2,975,711
Unallocated Benefits	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	30,032,323
Transfer of Funds to Charter School						34,471	30,316			13,143
Capital Outlay	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	3,057,464
Debt Service:										
Principal	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	4,014,000
Interest and Other Charges	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	1,671,031
Total Expenditures	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	115,420,274

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (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)	\$ (46,365)
Other Financing Sources/(Uses):							25,593,000			20,500,000
Serial Bonds Issued		7,920,000			12,110,000					
Bond Premium		582,986			2,741,348					
Serial Bonds Defeased		(7,940,000)			(13,500,000)					
Bond Issuance Costs		(105,722)			(125,042)					
Deferred Amount on Refunding		(457,264)			(1,226,306)					
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)	964	-0-	1,869,638	773,104	804,903	5,194,449	26,284,890	58,500	1,687,904	20,500,000
Net Change in Fund Balances	\$ (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)	\$ 20,453,635
Debt Service as a % of Noncapital Expenditures	6.13%	5.95%	5.71%	5.53%	5.23%	4.91%	4.74%	5.46%	5.17%	5.06%

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					
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	
2020	217,356	5,428	106,541	838,965	77,126	174,852	355,243	1,775,511	

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)
2010	\$41,703,600	\$6,697,058,100	\$ -	\$ -	\$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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	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	-	-	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
2019	38,749,200	7,933,538,100	-	-	1,616,385,800	64,020,900	92,268,900	9,744,962,900	6,838,593	9,751,801,493	674,902,000	0.927	10,587,970,788

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				
2010	\$ 0.845	\$ 0.058	\$ 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
2019	0.877	0.050	0.927	0.477	0.525	1.929

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	2019		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Mall C/O Taubman	\$ 930,819,000	1	9.55%
51 JFK Unit LLC/Mack-Cali Realty	66,392,800	2	0.68%
101/103 JFK Realty/Mack-Cali Realty	58,072,400	3	0.60%
Short Hills Hilton LLC	57,887,900	4	0.59%
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%
UE Millburn LLC C/O Urban Edge Prop.	20,074,300	8	0.21%
New Creek C/O Kimco Prop.	20,000,000	9	0.21%
Miss Millburn Realty Co	17,237,500	10	0.18%
Total	<u>\$ 1,279,049,800</u>		<u>13.12%</u>

Taxpayer	2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 720,000,000	1	8.76%
Short Hills Hilton LLC	75,960,000	2	0.92%
Reckson Short Hills LLC	64,161,100	3	0.78%
101/103 JFK Parkway Special LLC Corp	50,000,000	4	0.61%
Mack-Cali Realty Corp	38,705,200	5	0.47%
Prima III LLC/ Bollard Group	19,857,700	6	0.24%
Cande Brook Country Club	19,385,000	7	0.24%
Stone Mountain Properties	17,840,700	8	0.22%
A&R Millburn Associates/ Ackerman	17,223,100	9	0.21%
MSS Millburn Realty Co.	17,193,900	10	0.21%
Total	<u>\$ 1,040,326,700</u>		<u>12.66%</u>

Source: Millburn Township Tax Assessor.

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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-
2020	91,479,460	91,479,460	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)			
2011	\$ 47,324,000	\$ -0-	\$ -0-	\$ 47,324,000	4.35%	\$ 2,358
2012	44,019,000	-0-	-0-	44,019,000	4.00%	2,201
2013	40,769,000	1,295,345	-0-	42,064,345	3.77%	2,102
2014	37,454,000	1,654,759	-0-	39,108,759	3.32%	1,943
2015	32,689,000	1,944,090	1,073,000	35,706,090	2.91%	1,768
2016	29,299,000	6,559,983	1,073,000	36,931,983	2.94%	1,829
2017	51,387,000	6,306,892	583,000	58,276,892	4.50%	2,888
2018	47,762,000	5,336,522	-0-	53,098,522	3.91%	2,636
2019	43,897,000	5,928,621	-0-	49,825,621	3.68%	2,481
2020	60,383,000	4,905,572	-0-	65,288,572	4.82%	3,251

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.

Source: Millburn Township School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	1,861
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%	2,546
2018	47,762,000	-0-	47,762,000	0.49%	2,371
2019	43,897,000	-0-	43,897,000	0.45%	2,186
2020	60,383,000	-0-	60,383,000	0.62%	3,007

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, 2019
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	\$ 11,558,382	100.00%	\$ 11,558,382
Essex County General Obligation Debt	529,141,378	11.43%	<u>60,472,611</u>
Subtotal, Overlapping Debt			72,030,993
Millburn Township School District Direct Debt			<u>40,703,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 112,733,993</u></u>

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

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

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

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 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	\$ 412,079,271
Total Net Debt Applicable to Limit	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	60,383,000
Legal Debt Margin	\$ 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	\$ 351,696,271

Total Net Debt Applicable to the Limit As a Percentage of Debt Limit 13.16% 12.45% 11.61% 10.75% 9.27% 8.03% 13.53% 12.13% 10.74% 14.65%

Legal Debt Margin Calculation for Fiscal Year 2020	
Equalized valuation basis	
2019	\$ 9,966,212,825
2018	10,584,518,145
2017	10,355,214,331
	<u>\$30,905,945,301</u>

Average Equalized Valuation of Taxable Property

Debt Limit (4% of average equalization value) ^a

Net Bonded School Debt

Legal Debt Margin

	<u>\$10,301,981,767</u>
	\$ 412,079,271
	<u>60,383,000</u>
	<u>\$ 351,696,271</u>

^a Limit set by N.J.S.A. 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
2011	20,069	\$ 54,225	\$ 1,088,241,525	4.60%
2012	19,998	55,049	1,100,869,902	4.70%
2013	20,011	55,797	1,116,553,767	3.80%
2014	20,130	58,470	1,177,001,100	3.60%
2015	20,199	60,836	1,228,826,364	3.20%
2016	20,188	62,253	1,256,763,564	3.10%
2017	20,180	64,232	1,296,201,760	2.90%
2018	20,143	67,459	1,358,826,637	2.30%
2019	20,080	67,459 *	1,354,576,720	2.10%
2020	20,080 **	67,459 *	1,354,576,720 ***	N/A

* - Latest Essex County per capita personal income available (2018) was used for calculation purposes.

** - Latest population data available (2019) was used for calculation purposes.

*** - Latest available population data (2019) and latest available Essex County per capita personal income (2018) 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	2019		
	Employees	Rank	Percentage of Total Employment
St. Barnabas Health Care System	31,683	1	8.99%
Rutgers University-Newark Campus	15,500	2	4.40%
Verizon	15,000	3	4.26%
New Jersey Transit	11,500	4	3.26%
Public Service Electric & Gas	10,000	5	2.84%
Prudential Ins. Co. of America	9,500	6	2.70%
Montclair State University	7,900	7	2.24%
Newark Board of Education	7,050	8	2.00%
Gateway Group One	6,250	9	1.77%
Automatic Data Processing	5,649	10	1.60%
	120,032		34.07%
Total Employment	352,334		
Employer	2010		
	Employees	Rank (Optional)	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction:										
Regular	337	327	333	332	328	329	327	327	326	326
Special Education	58	61	59	62	64	69	68	66	67	68
Other Instruction	12	13	16	18	19	19	20	21	20	19
Support Services:										
Student & Instruction Related Services	132	127	131	135	146	152	156	161	165	168
School Administration	31	31	31	31	30	30	30	32	32	32
General Administration	4	4	4	4	3	3	3	3	3	3
Plant Operations and Maintenance	130	130	135	145	145	148	145	158	161	157
Pupil Transportation	16	14	15	15	15	15	15	15	12	13
Business and Other Support Services	19	17	17	17	19	19	19	19	18	18
Total	739	724	741	759	769	784	783	802	804	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				
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%
2020	4,809	106,677,779	22,183	1.38%	405	1:20	1:25	1:17	4,809	4,652	0.54%	96.74%

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	590	590	590	590	590	590	590	590
Enrollment	517	545	585	575	569	591	565	437	414	430
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	502	502	502	502	502	502	502	502
Enrollment	490	489	490	464	478	458	475	371	365	367
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	603	603	603	603	603	603	603	603
Enrollment	537	545	548	542	544	529	498	425	409	402
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	439	439	439	439	439	439	439	439
Enrollment	393	363	364	333	357	356	373	319	308	304
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	374	374	374	374	374	374	374	374
Enrollment	344	338	336	332	350	373	385	314	332	332
Washington Elementary School (1968) **										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	39,777	39,777	39,777
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	450	450	450
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	444	411	393

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

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Millburn Middle School (1930)										
Square Feet	181,908	235,541	235,541	235,541	235,541	235,541	235,541	235,541	239,705	239,705
Capacity (Students)	1,094	1,094	1,047	1,047	1,047	1,047	1,047	1,047	1,115	1,115
Enrollment	1,157	1,148	1,121	1,140	1,124	1,121	1,144	1,132	1,170	1,193
Millburn High School (1955)										
Square Feet	227,619	392,358	392,358	392,358	392,358	392,358	392,358	392,358	394,878	394,878
Capacity (Students)	1,763	1,763	2,104	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Enrollment	1,489	1,480	1,518	1,521	1,464	1,466	1,454	1,414	1,374	1,388
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, 2020

- 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		
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
2020	189,396	167,151	208,261	185,371	155,911	112,954		956,599	1,037,807	237,579	3,251,029

* School facilities as defined under EFCEFA (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, 2020
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group:		
Commercial Package:		
Property Coverage:		
Building and Contents	\$ 166,308,510	\$ 1,000
Water Damage	250,000	1,000
Computers, Software, Cameras, Musical Instruments	20,000 to 4,500,000	250 - 500
Earthquake	1,000,000	25,000
Flood	1,015,000	500
Crime (Employee Dishonesty)	100,000	500
General Liability:		
Aggregate	3,000,000	
Occurrence	1,000,000	
Employee Benefits		
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
Employment-Related Practices Liability		
Aggregate	1,000,000	
Each Claim	1,000,000	
Automobile:		
Liability	1,000,000	
Comprehensive	Actual Cash Value	500
Collision	Actual Cash Value	1,000
Umbrella Liability	15,000,000	10,000
NJ Unshared Excess Program		
Excess Umbrella Liability	10,000,000	
Fireman's Fund Insurance Company:		
Excess Umbrella Liability	25,000,000	

MILLBURN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2020
UNAUDITED
(Continued)

	<u>Coverage</u>	<u>Deductible</u>
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	
Zurich American Insurance Company:		
Student Athletic Accident:		
Compulsory Coverage All Students	1,000,000	
Blanket Athletic Coverage Including All Interscholastic Sports and High School Football	5,000,000	
Public Official Bonds:		
School Business Administrator (Travelers Casualty Surety)	249,000	
Treasurer (Utica Mutual Insurance Company)	400,000	

Source: Millburn Township School District records.

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Millburn, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2020, 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 30, 2020.

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) as a basis for designing 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 financial statements. 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

NISIVOCCIA LLP

November 30, 2020
Mount Arlington, New Jersey

Kathryn L. Mantell

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



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Independent Member
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Report on Compliance For Each Major Federal and State Program
and 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, 2020. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

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

Report on Internal Control Over Compliance

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

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

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

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

Nisivoccia, LLP

NISIVOCCIA LLP

November 30, 2020
Mount Arlington, New Jersey

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, 2020

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cancellation of Prior Year Encum- brances	Balance at	
					June 30, 2019 Budgetary Accounts Receivable	Cash Received		June 30, 2020 Budgetary Accounts Receivable	Amounts Provided to Subrecipients
U.S. Department of Education:									
Passed-through State Department of Education:									
Special Revenue Fund:									
Special Education Cluster:									
I.D.E.A. Part B, Basic	84.027	IDEA359020	7/1/19-9/30/20	\$ 1,066,566	\$ 930,619	\$ (974,778)	\$ 1	\$ (44,158)	
I.D.E.A. Part B, Basic	84.027	IDEA359019	7/1/18-9/30/19	921,100	58,276				
I.D.E.A. Preschool	84.173	IDEA359020	7/1/19-9/30/20	36,417	23,521	(30,587)		(7,066)	
I.D.E.A. Preschool	84.173	IDEA359019	7/1/18-9/30/19	32,695	11,405				
Total Special Education Cluster					1,023,821	(1,005,365)	1	(51,224)	
Elementary and Secondary Education Act:									
Title I	84.010	ESEA359020	7/1/19-9/30/20	332,974	225,332	(328,187)	1	(102,854)	
Title I	84.010	ESEA359019	7/1/18-9/30/19	375,402	115,879				
Total Title I					341,211	(328,187)	1	(102,854)	
Title II A	84.367	ESEA359020	7/1/19-9/30/20	78,740	33,354	(53,254)		(19,900)	
Title II A	84.367	ESEA359019	7/1/18-9/30/19	86,505	28,052				
Title III	84.365	ESEA359020	7/1/19-9/30/20	23,452	6,514	(13,237)	1	(6,722)	
Title III	84.365	ESEA359019	7/1/18-9/30/19	19,573	9,783				
Title III - Immigrant	84.365	ESEA359020	7/1/19-9/30/20	15,449	2,396	(2,476)	1	(79)	
Title III - Immigrant	84.365	ESEA359019	7/1/18-9/30/19	17,053	3,688				
Title IV	84.424	ESEA359020	7/1/19-9/30/20	21,070	7,842	(8,892)		(1,050)	
Total Special Revenue Fund					1,456,661	(1,411,411)	4	(181,829)	
Total U.S. Department of Education					1,456,661	(1,411,411)	4	(181,829)	
Total Federal Awards					\$ 1,456,661	\$ (1,411,411)	\$ 4	\$ 259	\$ -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, 2020

State Grantor/Program Title	Project Number	Grant or State	Grant Period	Award Amount	Balance at June 30, 2019			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
					Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>													
General Fund State Aid:													
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 2,341,288	\$ 2,341,288	\$ 2,116,967		\$ (2,341,288)			\$ (224,321)	\$ 2,341,288		
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	389,098	389,098	351,818		(389,098)			(37,280)	389,098		
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	788,722	788,722	713,154		(788,722)			(75,568)	788,722		
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19-6/30/20	882,359	882,359			(882,359)		\$ (882,359)	(882,359)	882,359		
Excess Nonpublic Transportation Costs	20-495-034-5120-014	7/1/19-6/30/20	32,379	32,379			(32,379)		(32,379)	(32,379)	32,379		
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	3,204,880	3,204,880	3,045,120		(3,204,880)		(159,760)	(159,760)	3,204,880		
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	3,245,744	3,245,744	3,245,744		(3,245,744)				3,245,744		
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	8,595,011	8,595,011	8,595,011		(8,595,011)				8,595,011		
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	154,056	154,056	154,056		(154,056)				154,056		
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	5,318	5,318	5,318		(5,318)				5,318		
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,993,839	1,993,839	1,922,204		(1,922,204)				1,993,839		
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	389,098	389,098	(37,509)		(37,509)				389,098		
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	788,722	788,722	76,032		(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)				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)				77,050		
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	3,203,114	3,203,114	154,519		(154,519)				3,203,114		
Subtotal - General Fund					19,731,595		(19,638,855)			(1,074,498)		(1,411,667)	27,057,771
Special Revenue Fund Aid:													
Nonpublic Auxiliary Services:													
Compensatory Education	20-100-034-5120-066	7/1/19-6/30/20	40,153	40,153	35,663		(30,015)		\$ (2,709)	(4,490)	\$ 10,138	(4,490)	30,015
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	36,126	36,126									33,417
English as a Second Language	20-100-034-5120-066	7/1/19-6/30/20	2,234	2,234	1,960		(744)		(274)	1,490	1,490	(274)	744
Nonpublic Handicapped Services:													
Supplementary Instruction	20-100-034-5120-066	7/1/19-6/30/20	29,141	29,141	26,206		(24,528)		(9,356)	(2,935)	4,613	(2,935)	24,528
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19	34,970	34,970	9,356								25,614
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	62,887	62,887	56,593		(39,464)		(6,294)	23,423	23,423	(6,294)	39,464
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	48,480	48,480	8,393				(8,393)				40,087
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	68,175	68,175	61,253		(52,213)		(25,298)	(6,922)	15,962	(6,922)	52,213
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	106,814	106,814	25,298								81,516
N.J. Nonpublic Textbook Aid	20-100-034-5120-066	7/1/19-6/30/20	26,566	26,566	26,566		(25,927)		(4,747)	639	639		25,927
N.J. Nonpublic Textbook Aid	19-100-034-5120-066	7/1/18-6/30/19	28,836	28,836	4,747								24,089
N.J. Nonpublic Nursing Aid	20-100-034-5120-066	7/1/19-6/30/20	48,888	48,888	18,144		(16,011)		(1,492)	2,133	2,133		48,888
N.J. Nonpublic Technology Initiative	20-100-034-5120-066	7/1/19-6/30/20	19,440	19,440	1,492								16,011
N.J. Nonpublic Technology Initiative	19-100-034-5120-373	7/1/18-6/30/19	19,440	19,440									17,948
N.J. Nonpublic Security Aid	20-100-034-5120-066	7/1/19-6/30/20	75,600	75,600	75,600		(56,314)			19,286	19,286		56,314
N.J. Nonpublic Security Aid	19-100-034-5120-509	7/1/18-6/30/19	81,000	81,000	4,570				(4,570)				76,430
Subtotal - Special Revenue Fund					58,372		(294,104)		(58,372)	(20,915)	77,684	(20,915)	593,205

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor		Budgetary Receivable
State Department of Education:												
Debt Service Fund Aid:												
Debt Service Aid - State Support	20-100-034-5120-125	7/1/19-6/30/20	\$ 571,700			\$ 571,700	\$ (571,700)				\$ 571,700	
Subtotal - Debt Service Fund						571,700	(571,700)				571,700	
Total State Department of Education						20,654,168	(20,504,659)	\$ (58,372)	\$ (1,095,413)	\$ 77,684	\$ (1,432,582)	28,223,986
Total State Awards						\$ (1,504,407)	(20,504,659)	\$ (58,372)	\$ (1,095,413)	\$ 77,684	\$ (1,432,582)	\$ 28,223,986
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	(3,245,744)				3,245,744					
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	(8,595,011)				8,595,011					
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	(154,056)				154,056					
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	(5,318)				5,318					
Subtotal - On-Behalf TPAF Pension System Contributions							12,000,129					
Total State Awards Subject to Single Audit Major Program Determination							\$ (8,504,530)					

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, 2020

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, 2020. 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 (\$31,424) for the General Fund and \$62,635 (of which \$118,949 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, 2020
(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		\$ 19,607,431	\$ 19,607,431
Special Revenue Fund	\$ 1,411,411	237,790	1,649,201
Debt Service Fund		571,700	571,700
Total Awards	<u>\$ 1,411,411</u>	<u>\$ 20,416,921</u>	<u>\$ 21,828,332</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, 2020.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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:

	<u>C.F.D.A.#/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/19-9/30/20	\$ 1,066,566	\$ 974,778
I.D.E.A. Preschool	84.173	7/1/19-9/30/20	36,417	30,587
<u>State:</u>				
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	2,341,288	2,341,288
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	389,098	389,098

- 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, 2020
(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, 2020

Status of Prior Year Findings:

The District had no prior year audit findings.