

**MILLTOWN SCHOOL DISTRICT**

Milltown, New Jersey  
County of Middlesex

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2020**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
MILLTOWN SCHOOL DISTRICT  
MILLTOWN, NEW JERSEY**



**YEAR ENDED JUNE 30, 2020**

**PREPARED BY DISTRICT FINANCE OFFICER  
SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY  
NORMA TURSI**



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**INTRODUCTORY SECTION**

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Norma Tursi  
Business Administrator  
Board Secretary

# MILLTOWN SCHOOL DISTRICT

**Board of Education**  
21 West Church Street  
Milltown, New Jersey 08850-1643  
(732) 214 - 2365  
[www.milltownps.org](http://www.milltownps.org)



Heidi Corrente  
Gloria Jozefowicz  
Business Services Office

January 12, 2021

Honorable President and Members  
of the Board of Education  
Milltown School District  
County of Middlesex, New Jersey 08550

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Milltown School 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 Milltown School District. 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, 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 cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School 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 (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this Single Audit, including the

independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

**REPORTING ENTITY AND ITS SERVICES**

The Milltown School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre – K through 8. These include regular and special education for children with special needs. The School District’s enrollment, as of October 15<sup>th</sup>, for the current and past nine fiscal years are detailed below.

**MILLTOWN SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Percentage Change</b>
2019-2020	820	8.04%
2018-2019	759	-0.52%
2017-2018	763	5.10%
2016-2017	726	1.54%
2015-2016	715	4.99%
2014-2015	681	0.29%
2013-2014	679	4.78%
2012-2013	648	-4.28%
2011-2012	677	1.35%
2010-2011	668	-1.18%

**ECONOMIC CONDITION AND OUTLOOK**

The major funding source for the operating budget continues to be the local tax levy. The local tax levy funded 90% of the 2019-2020 school budget. The reliance on the local taxpayers to fund the majority of the District’s budget will likely continue under the provisions of the School Funding Reform Act of 2008. According to the NJ Department of Education, Office of School Funding, the District’s tax levy exceeds the Local Fair Share and the District’s total budget exceeds the “adequacy model” used to calculate state aid.

**MAJOR INITIATIVES**

- Technology
- Green Team
- Student Achievement

**INTERNAL ACCOUNTING CONTROLS**

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure 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 delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

As a recipient of federal and state financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluations by the district management.

As part of the School District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

### **BUDGETARY CONTROLS**

In addition to internal accounting controls, the School 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 the voters of the municipality. 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 cancelled or included as re-appropriations of fund balance in the subsequent year.

### **ACCOUNTING SYSTEM AND REPORTS**

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

### **OTHER INFORMATION**

#### *INDEPENDENT AUDIT*

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

### **ACKNOWLEDGEMENTS**

We would like to express our appreciation to the members of the Board of Education 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 accomplished without the efficient and dedicated services of our business office staff.

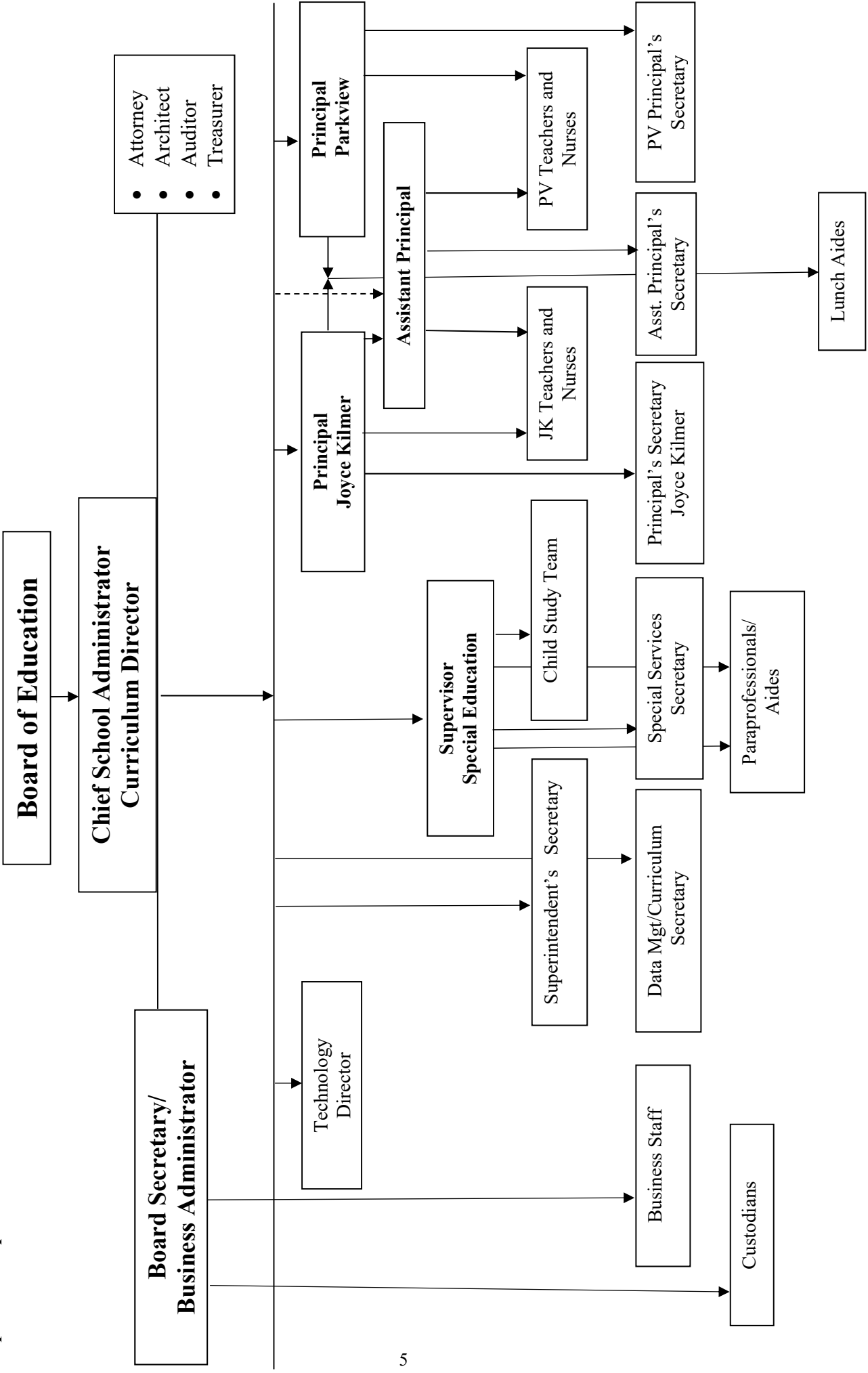
Respectfully submitted,

  
Superintendent

  
School Business Administrator/Board Secretary

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# ORGANIZATIONAL CHART



**MILLTOWN SCHOOL DISTRICT  
MILLTOWN, NEW JERSEY  
ROSTER OF OFFICIALS  
JUNE 30, 2020**

**Members of the Board of Education**

**TERM EXPIRES**

Carl Schneider, President	2022
Jennifer Spisso, Vice President	2022
JoAnne Demetrio	2020
Janice Hodgson	2021
Celeste Jonas	2022
Jim Llovd	2020
Mary O'Mara	2020
David Oryniak	2021
Patty Tymon	2021

**Other Officials**

Dr. Stephanie Brown, Superintendent of Schools  
Norma Tursi, School Business Administrator/Board Secretary  
Michele Loree, Treasurer of School Monies  
Jonathan Busch Esq.



**MILLTOWN SCHOOL DISTRICT  
MILLTOWN, NEW JERSEY  
CONSULTANTS AND ADVISORS  
JUNE 30, 2020**

**AUDITOR/AUDIT FIRM**

Robert W. Allison, CPA, PSA  
Holman Frenia Allison, P. C.  
680 Hooper Avenue Building B, Suite 201  
Toms River, New Jersey 08753

**ATTORNEY**

Jonathan Busch Esq.  
The Busch Law Group LLC  
450 Main Street  
Metuchen, New Jersey 08840

**OFFICIAL DEPOSITORY**

Valley National Bank  
94 North Main Street  
Milltown, NJ 08850

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS REPORT

Honorable President and Members  
of the Board of Education  
Milltown Public School District  
County of Middlesex  
Milltown, NJ 08850

### **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 Milltown Public School District, County of Middlesex, State of New Jersey, as of and for the fiscal year ended, June 30, 2020, and the related notes to the financial statements, which collectively comprise the School 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.

### **Auditor's 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 Milltown Public School District, County of Middlesex, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the 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, budgetary comparison information, and the schedules related to accounting and reporting for pensions & other post employment benefits, as listed in the table of contents 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 School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have 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 them.

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

In accordance with Government Auditing Standards, we have also issued our report dated January 12, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison  
Certified Public Accountant  
Public School Accountant, #897

Toms River, New Jersey  
January 12, 2021

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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## MILLTOWN SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2020 UNAUDITED

This section of the Milltown Public School Board of Education's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on 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.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments* issued in June 1999 that is also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2019-2020) and the prior fiscal year (2018-2019) is required to be presented in the MD&A.

#### FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- In total, net position of governmental activities increased \$1,126,139.14, which represents a 20.33% increase from 2019. Total net position of business-type activities increased \$775.87, which represents an 43.68% increase from 2019.
- General revenues accounted for \$18,730,460.47 in revenue or 93.46% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,309,754.07 or 6.54% of total revenues of \$20,040,214.54.
- Total assets of governmental activities increased by \$464,220.33 as cash and cash equivalents increased by \$290,637.29, receivables increased by \$46,192.70, restricted cash and cash equivalents increased by \$0.00, and total capital assets increased by \$27,390.34.
- Total liabilities of governmental activities decreased by \$939,317.81 as accounts payable decreased by \$883.31 and non-current liabilities due beyond one year decreased by \$967,740.06.
- The District had \$18,746,914.74 in governmental activity expenses; only \$1,142,593.41 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily property taxes) of \$18,730,460.47 were adequate to provide for these programs, resulting in an increase in net position for governmental activities of \$1,126,139.14.
- In the governmental funds, the general fund had \$19,533,965.88 in revenues and \$19,055,403.02 in expenditures. The general fund's fund balance increased by \$439,063.86 over 2019.

## USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to these financial statements. These statements are organized in a way to allow the reader to understand the Milltown Public School Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with an overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position (A-1) presents information on the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Changes in Net Position (A-2) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods of the district.

The government-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

**Fund Financial Statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund, and debt service fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

### ***Proprietary Funds***

The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District. The proprietary fund has been included within business-type activities in the district-wide financial statements.

The food services fund detail financial statements can be found as Exhibits B-4 through B-6 in this report.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for student activities and groups, for payroll transactions, student scholarship fund and for the District's unemployment trust fund. The basic fiduciary fund financial statements can be found as Exhibits B-7 and B-8 in this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

**Other Information.** The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

### **Government-Wide Financial Analysis**

The District's financial position is the result of several types of financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position for June 30, 2020 and 2019, respectively:

**Net Position**  
**June 30, 2020**

	Governmental Activities		Business-Type Activities	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>				
Current and Other				
Assets	\$ 4,265,389.39	\$ 3,828,559.40	\$ 34,440.10	\$ 23,941.72
Capital Assets, Net	8,495,662.74	8,468,272.40	35,907.92	41,503.64
Total Assets	<u>12,761,052.13</u>	<u>12,296,831.80</u>	<u>70,348.02</u>	<u>65,445.36</u>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows				
Relating to Pension	590,486.00	872,984.00	-	-
Total Deferred Outflows of Resources	<u>590,486.00</u>	<u>872,984.00</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>				
Long-Term Liabilities	5,536,719.13	6,469,459.19	-	-
Other Liabilities	108,015.63	114,593.38	67,796.09	63,669.30
Total Liabilities	<u>5,644,734.76</u>	<u>6,584,052.57</u>	<u>67,796.09</u>	<u>63,669.30</u>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows				
Relating to Pension	1,041,763.00	1,046,862.00	-	-
Total Deferred Inflows of Resources	<u>1,041,763.00</u>	<u>1,046,862.00</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>				
Net Investment in				
Capital Assets	6,003,662.74	5,211,272.40	35,907.92	41,503.64
Restricted	3,962,779.57	3,625,186.62	-	-
Unrestricted	(3,301,401.94)	(3,297,557.79)	(33,355.99)	(39,727.58)
Total Net Position	<u>\$ 6,665,040.37</u>	<u>\$ 5,538,901.23</u>	<u>\$ 2,551.93</u>	<u>\$ 1,776.06</u>

The District's largest net position component is the Restricted portion as shown above. Restricted balances represent resources that are subject to external restrictions on how they may be used.

Restricted net position increased \$337,592.95 from the prior year to \$3,962,779.57 at June 30, 2020.

Unrestricted net position may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The (\$3,301,401.94) is shown as unrestricted net position for Governmental Activities.

The following table provides a summary of revenues and expenses for the District’s governmental and business-type activities and the change in net position for June 30, 2020 and 2019. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the ‘Financial Analysis of the District’s Funds’ section later in this report.

	<b><u>June 30, 2020</u></b>		
	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ -	\$ 43,694.41	\$ 43,694.41
Operating Grants and Contributions	1,142,593.41	123,466.25	1,266,059.66
General Revenues:			
Property Taxes	16,581,853.00	-	16,581,853.00
Federal and State Aid	1,978,420.00	-	1,978,420.00
Miscellaneous	170,187.47	-	170,187.47
<b>Total Revenues</b>	<b>19,873,053.88</b>	<b>167,160.66</b>	<b>20,040,214.54</b>
<b>Expenses:</b>			
Instructional Services	7,471,712.95	-	7,471,712.95
Support Services	11,135,806.67	166,384.79	11,302,191.46
Interest and Other Charges	139,395.12	-	139,395.12
<b>Total Expenses</b>	<b>18,746,914.74</b>	<b>166,384.79</b>	<b>18,913,299.53</b>
Change in Net Position	1,126,139.14	775.87	1,126,915.01
Net Position, Beginning	5,538,901.23	1,776.06	5,540,677.29
<b>Net Position, Ending</b>	<b>\$ 6,665,040.37</b>	<b>\$ 2,551.93</b>	<b>\$ 6,667,592.30</b>
<b><u>June 30, 2019</u></b>			
	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ -	\$ 56,249.54	\$ 56,249.54
Operating Grants and Contributions	3,297,545.70	144,228.55	3,441,774.25
General Revenues:			
Property Taxes	15,903,524.50	-	15,903,524.50
Federal and State Aid	1,761,592.00	-	1,761,592.00
Miscellaneous	252,581.41	-	252,581.41
<b>Total Revenues</b>	<b>21,215,243.61</b>	<b>200,478.09</b>	<b>21,415,721.70</b>
<b>Expenses:</b>			
Instructional Services	8,944,161.37	-	8,944,161.37
Support Services	10,688,478.61	198,048.13	10,886,526.74
Interest and Other Charges	238,637.38	-	238,637.38
<b>Total Expenses</b>	<b>19,871,277.36</b>	<b>198,048.13</b>	<b>20,069,325.49</b>
Change in Net Position	1,343,966.25	2,429.96	1,346,396.21
Net Position, Beginning	4,194,934.98	(653.90)	4,194,281.08
<b>Net Position, Ending</b>	<b>\$ 5,538,901.23</b>	<b>\$ 1,776.06</b>	<b>\$ 5,540,677.29</b>

## Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

### Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2020 and 2019 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	<u>June 30, 2020</u>			
	Amount	Percent Of Total	Increase (Decrease) From 2019	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 5,969,931.80	29.40%	\$ 226,915.68	3.95%
Undistributed	13,035,184.34	64.20%	692,286.67	5.61%
Capital Outlay	425,671.88	2.10%	391,231.84	1135.98%
Debt Service:				
Principal	765,000.00	3.77%	(49,277.22)	-6.05%
Interest	107,705.50	0.53%	(26,250.00)	-19.60%
<b>Total</b>	<b>\$ 20,303,493.52</b>	<b>100.00%</b>	<b>\$ 1,234,906.97</b>	<b>6.48%</b>

	<u>June 30, 2019</u>			
	Amount	Percent Of Total	Increase (Decrease) From 2018	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 5,743,016.12	30.12%	\$ 553,330.15	10.66%
Undistributed	12,342,897.67	64.73%	675,547.24	5.79%
Capital Outlay	34,440.04	0.18%	(62,048.96)	-64.31%
Debt Service:				
Principal	814,277.22	4.27%	26,262.22	3.33%
Interest	133,955.50	0.70%	(25,287.50)	-15.88%
<b>Total</b>	<b>\$ 19,068,586.55</b>	<b>100.00%</b>	<b>\$ 1,167,803.15</b>	<b>6.52%</b>

Instruction costs increased primarily due to negotiated salary increases and additional instructional positions being added.

### General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2019-2020 budget. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.



Significant Budget Transfers and Variations:

- TPAF, which is the state’s contribution to the pension fund, is an “on-behalf” revenue and expenditure item to the district and is required to be reflected in the financial statements.
- Reallocations were made among the various salary budget accounts to reflect changes in the personnel budget for the 2019-2020 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2019-2020 unassigned fund balance increased by \$81,947 to \$322,806.19 (2% required per S-1701, net of allowable adjustments).

**Proprietary Funds.** The District’s proprietary fund provides the same type of information found in the district-wide financial statements, but in more detail.

The Food Services Enterprise Fund showed a change in net position of \$775,87 in 2019-2020 as compared to a change in net position of \$2,429.96 in 2018-2019. The food service fund required no contributions from the Board in 2018-2019 or in the 2019-2020 year. The Board has made significant changes to the varieties of offerings to appeal to the grade levels at each school. In the 2019-2020 school year Milltown Board of Education implemented grade banding throughout the district. In order to increase sales and reduce cost, the menu varies for the students in the upper grade levels. Although the food service operation is profitable, the district feels an investment in the program is needed to improve service and replace equipment, combined with the changes in the operations recommended by its food service consultant, will continue to ensure that the program’s financial remains positive over time.

**Capital Assets**

At June 30, 2020 the District has capital assets of \$8,495,662.74, net of depreciation, which includes land, construction in progress, land improvements, buildings/construction, machinery and equipment.

	<u>June 30, 2020</u>	
	Governmental Activities	Business-Type Activities
Land	\$ 211,421.50	\$ -
Buildings/Construction	7,839,330.49	-
Machinery and Equipment	308,608.29	35,907.92
Total	<u>\$ 8,495,662.74</u>	<u>\$ 35,907.92</u>
	<u>June 30, 2019</u>	
	Governmental Activities	Business-Type Activities
Land	\$ 211,421.50	\$ -
Buildings/Construction	7,861,905.41	-
Machinery and Equipment	394,945.49	41,503.64
Total	<u>\$ 8,468,272.40</u>	<u>\$ 41,503.64</u>

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

**Debt Administration and Other Obligations**

At June 30, 2020 and 2019, the District’s outstanding debt issues included \$2,492,000.00 and \$3,257,000.00 respectively of general obligation bonds and \$418,243.13 and \$374,825.19 respectively in compensated absences payable.

Additional information on the District's debt administration and other obligations can be found in Note 7 to the basic financial statements.

### **Economic Factors and Subsequent Year's Budgets**

- The District anticipates that the approved 2020-2021 budget will be adequate to satisfy all 2020-2021 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- It is expected the State of New Jersey will again delay the final state aid payments to school districts for 2020-2021.
- The Board has settled contracts with all bargaining units for the 2020-2021 school year. Negotiations are to begin in November 2020 for the Milltown Education Association (EEA) and for the Milltown Education Association Secretaries (EEAS).
- The District had an updated enrollment projection done in November 2015 which projects that the District's overall enrollment will decline approximately 3% over the next five years. The District's 2019-2020 enrollment is lower than this study reflects.

### **Requests for Information**

This financial report is designed to provide a general overview of the Milltown School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Milltown Board of Education, 21 West Church Street, Milltown, NJ 08850.

**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**MILLTOWN SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$ 791,267.71	\$ 29,936.91	\$ 821,204.62
Receivables, Net (Note 4)	151,942.93	996.08	152,939.01
Inventory	-	3,507.11	3,507.11
Restricted Cash & Cash Equivalents	3,322,178.75	-	3,322,178.75
Capital Assets, Net (Note 5)			
Non-Depreciable	211,421.50	-	211,421.50
Depreciable	8,284,241.24	35,907.92	8,320,149.16
Total Assets	12,761,052.13	70,348.02	12,831,400.15
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	590,486.00	-	590,486.00
Total Deferred Outflow of Resources	590,486.00	-	590,486.00
<b>LIABILITIES:</b>			
Due to Other Governments	139,335.00	-	139,335.00
Unearned Revenue	732.94	8,837.53	9,570.47
Accrued Interest	26,906.25	-	26,906.25
Internal Balances	(58,958.56)	58,958.56	-
Noncurrent Liabilities (Note 7):			
Due Within One Year	800,000.00	-	800,000.00
Due in More Than One Year	4,736,719.13	-	4,736,719.13
Total Liabilities	5,644,734.76	67,796.09	5,712,530.85
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	1,041,763.00	-	1,041,763.00
Total Deferred Inflow of Resources	1,041,763.00	-	1,041,763.00
<b>NET POSITION:</b>			
Net Investment in Capital Assets	6,003,662.74	35,907.92	6,039,570.66
Restricted for:			
Capital Projects	1,195,466.75	-	1,195,466.75
Debt Service	0.50	-	0.50
Maintenance Reserve	1,606,712.00	-	1,606,712.00
Tuition Reserve	520,000.00	-	520,000.00
Excess Surplus	640,600.32	-	640,600.32
Unrestricted (Deficit)	(3,301,401.94)	(33,355.99)	(3,334,757.93)
Total Net Position	\$ 6,665,040.37	\$ 2,551.93	\$ 6,667,592.30

The accompanying Notes to Financial Statements are an integral part of this statement.

MILLTOWN SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 5,631,707.93	\$ -	\$ 749,672.27	\$ -	\$ (4,882,035.66)	\$ -	\$ (4,882,035.66)
Special Education Instruction	1,270,760.29	-	90,224.43	-	(1,180,535.86)	-	(1,180,535.86)
Other Instruction	569,244.74	-	40,416.58	-	(528,828.16)	-	(528,828.16)
Support Services:							
Tuition	5,860,345.93	-	123,485.22	-	(5,736,860.71)	-	(5,736,860.71)
Student & Instruction Related Services	1,752,470.66	-	36,926.87	-	(1,715,543.79)	-	(1,715,543.79)
General Administrative	415,033.53	-	8,745.30	-	(406,288.23)	-	(406,288.23)
School Administrative Services	625,776.88	-	40,819.94	-	(584,956.94)	-	(584,956.94)
Central Services	364,480.44	-	7,680.08	-	(356,800.35)	-	(356,800.35)
Plant Operations & Maintenance	1,172,100.14	-	24,697.70	-	(1,147,402.45)	-	(1,147,402.45)
Pupil Transportation	945,599.09	-	19,925.02	-	(925,674.07)	-	(925,674.07)
Transfer of Funds to Charter Schools	34,499.00	-	-	-	(34,499.00)	-	(34,499.00)
Transfer to Cover Deficit (Enterprise Funds)	5,000.00	-	-	-	(5,000.00)	-	(5,000.00)
Interest & Other Charges	99,896.12	-	-	-	(99,896.12)	-	(99,896.12)
Total Governmental Activities	18,746,914.74	-	1,142,593.41	-	(17,604,321.33)	-	(17,604,321.33)
Business-Type Activities:							
Food Service	166,384.79	123,466.25	43,694.41	-	-	775.87	775.87
Total Business-Type Activities	166,384.79	123,466.25	43,694.41	-	-	775.87	775.87
Total Primary Government	\$ 18,913,299.53	\$ 123,466.25	\$ 1,186,287.82	\$ -	(17,604,321.33)	775.87	(17,603,545.46)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					15,957,106.00	-	15,957,106.00
Property Taxes, Levied for Debt Service					624,747.00	-	624,747.00
Federal & State Aid Restricted					245,891.00	-	245,891.00
Federal & State Aid Not Restricted					1,732,529.00	-	1,732,529.00
Miscellaneous					170,187.47	-	170,187.47
Total General Revenues					18,730,460.47	-	18,730,460.47
Change In Net Position					1,126,139.14	775.87	1,126,915.01
Net Position - Beginning					5,538,901.23	1,776.06	5,540,677.29
Net Position - Ending					\$ 6,665,040.37	\$ 2,551.93	\$ 6,667,592.30

The accompanying Notes to Financial Statements are an integral part of this statement.



**B. Fund Financial Statements**

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## **Governmental Funds**

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MILLTOWN SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 707,362.45	\$ 83,905.26	\$ -	\$ 791,267.71
Receivables, Net:				
Tax Levy Receivable	-	-	0.50	0.50
Interfund Receivable	142,434.88	-	-	142,434.88
Due from Other Governments:				
State	150,307.43	-	-	150,307.43
Other	-	1,635.00	-	1,635.00
Restricted Cash & Cash Equivalents	3,322,178.75	-	-	3,322,178.75
Total Assets	<u>\$ 4,322,283.51</u>	<u>\$ 85,540.26</u>	<u>\$ 0.50</u>	<u>\$ 4,407,824.27</u>
<b>LIABILITIES &amp; FUND BALANCES</b>				
Liabilities:				
Intergovernmental Payable:				
State	\$ -	\$ 1,331.00	\$ -	\$ 1,331.00
Interfund Payable	-	83,476.32	-	83,476.32
Unearned Revenue	-	732.94	-	732.94
Total Liabilities	-	85,540.26	-	85,540.26
Fund Balances:				
Restricted for:				
Capital Reserve	1,195,466.75	-	-	1,195,466.75
Maintenance Reserve	1,606,712.00	-	-	1,606,712.00
Tuition Reserve	520,000.00	-	-	520,000.00
Excess Surplus	553,825.61	-	-	553,825.61
Excess Surplus Designated for Subsequent Year	86,774.71	-	-	86,774.71
Debt Service	-	-	0.50	0.50
Assigned to:				
Designated for				
Subsequent Year	7,356.00	-	-	7,356.00
Other Purposes	29,342.25	-	-	29,342.25
Unassigned	322,806.19	-	-	322,806.19
Total Fund Balances	<u>4,322,283.51</u>	<u>-</u>	<u>0.50</u>	<u>4,322,284.01</u>
Total Liabilities & Fund Balances	<u>\$ 4,322,283.51</u>	<u>\$ 85,540.26</u>	<u>\$ 0.50</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,885,726.75 and the accumulated depreciation is \$6,390,064.01.	8,495,662.74
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows Related to Pensions	590,486.00
Deferred Inflows Related to Pensions	(1,041,763.00)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(26,906.25)
Accrued pension contributions for the June 30, 2020 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(138,004.00)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(5,536,719.13)</u>
Net Position of Governmental Activities	<u>\$ 6,665,040.37</u>

**MILLTOWN SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2020**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 15,957,106.00	\$ -	\$ 624,747.00	\$ 16,581,853.00
Miscellaneous	170,187.47	-	-	170,187.47
Total Local Sources	16,127,293.47	-	624,747.00	16,752,040.47
State Sources	3,406,672.41	6,492.00	245,891.00	3,659,055.41
Federal Sources	-	370,961.00	-	370,961.00
Total Revenues	19,533,965.88	377,453.00	870,638.00	20,782,056.88
Expenditures:				
Instruction:				
Regular Instruction	4,149,940.62	349,819.00	-	4,499,759.62
Special Education Instruction	1,015,343.11	-	-	1,015,343.11
Other Instruction	454,829.07	-	-	454,829.07
Support Services:				
Tuition	4,934,100.02	-	-	4,934,100.02
Health Services	146,691.36	-	-	146,691.36
Student & Instruction Related Services	1,301,161.86	27,634.00	-	1,328,795.86
General Administrative	349,436.19	-	-	349,436.19
School Administrative Services	526,870.90	-	-	526,870.90
Central Services	306,873.17	-	-	306,873.17
Plant Operations & Maintenance	986,846.07	-	-	986,846.07
Pupil Transportation	796,144.21	-	-	796,144.21
Unallocated Benefits	1,985,283.15	-	-	1,985,283.15
On Behalf TPAF Pension and Social Security Contributions	1,674,143.41	-	-	1,674,143.41
Capital Outlay	425,671.88	-	-	425,671.88
Debt Service:				
Principal	-	-	765,000.00	765,000.00
Interest & Other Charges	2,068.00	-	105,637.50	107,705.50
Total Expenditures	19,055,403.02	377,453.00	870,637.50	20,303,493.52
Excess/(Deficiency) of Revenues Over Expenditures	478,562.86	-	0.50	478,563.36
Other Financing Sources (Uses):				
Transfer of Funds to Charter Schools	(34,499.00)	-	-	(34,499.00)
Transfer to Cover Deficit (Enterprise Funds)	(5,000.00)	-	-	(5,000.00)
Total Other Financing Sources (Uses)	(39,499.00)	-	-	(39,499.00)
Net Changes in Fund Balances	439,063.86	-	0.50	439,064.36
Fund Balance, July 1	3,883,219.65	-	-	3,883,219.65
Fund Balance, June 30	\$ 4,322,283.51	\$ -	\$ 0.50	\$ 4,322,284.01

The accompanying Notes to Financial Statements are an integral part of this statement.

**MILLTOWN SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		\$ 439,064.36
Amounts reported for governmental activities in the statement of activities (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 exceeded capital outlays in the period.		
Depreciation Expense	(398,281.54)	
Capital Outlays	425,671.88	
		27,390.34
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(69,707.00)
Repayment of long-term debt principal and obligation of lease purchase agreements are 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.		
		765,000.00
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. The accrued interest is an addition in the reconciliation (+).		
		7,809.38
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 (+).		
		(43,417.94)
Change in Net Position of Governmental Activities		\$ 1,126,139.14

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## **Proprietary Funds**

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**MILLTOWN SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020**

	<b>MAJOR FUNDS</b>	
	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>	
	<b>FOOD SERVICE</b>	<b>TOTALS</b>
<b>ASSETS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 29,936.91	\$ 29,936.91
Accounts Receivable:		
Federal	469.80	469.80
State	7.43	7.43
Other Receivables	518.85	518.85
Inventories	3,507.11	3,507.11
Total Current Assets	34,440.10	34,440.10
Noncurrent Assets:		
Capital Assets	138,463.05	138,463.05
Less: Accumulated Depreciation	(102,555.13)	(102,555.13)
Total Capital Assets, Net	35,907.92	35,907.92
Total Noncurrent Assets	35,907.92	35,907.92
Total Assets	70,348.02	70,348.02
<b>LIABILITIES</b>		
Current Liabilities:		
Unearned Revenue	8,837.53	8,837.53
Interfund Payable	58,958.56	58,958.56
Total Current Liabilities	67,796.09	67,796.09
<b>NET POSITION</b>		
Net Investment in Capital Assets	35,907.92	35,907.92
Unrestricted	(33,355.99)	(33,355.99)
Total Net Position	\$ 2,551.93	\$ 2,551.93

The accompanying Notes to Financial Statements are an integral part of this statement.

**MILLTOWN SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 YEAR ENDED JUNE 30, 2020**

	<b>MAJOR FUNDS</b>	
	<b>FOOD SERVICE</b>	<b>TOTALS</b>
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 63,058.35	\$ 63,058.35
Daily Sales - Non-Reimbursable Programs	50,144.26	50,144.26
Miscellaneous	10,263.64	10,263.64
Total Operating Revenues	<u>123,466.25</u>	<u>123,466.25</u>
Operating Expenses:		
Cost of Sales - Reimbursable Programs	38,955.25	38,955.25
Cost of Sales - Non-Reimbursable Programs	30,977.37	30,977.37
Salaries	47,342.01	47,342.01
Employee Benefits	3,894.57	3,894.57
Supplies and Materials	8,755.63	8,755.63
Depreciation	5,595.72	5,595.72
Management and Administrative Fees	25,865.63	25,865.63
Other	4,998.61	4,998.61
Total Operating Expenses	<u>166,384.79</u>	<u>166,384.79</u>
Operating Income/(Loss)	<u>(42,918.54)</u>	<u>(42,918.54)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,464.45	1,464.45
Federal Sources:		
National School Lunch Program	34,793.06	34,793.06
Food Distribution Program	6,952.09	6,952.09
Interest Revenue	484.81	484.81
Total Nonoperating Revenues/(Expenses)	<u>43,694.41</u>	<u>43,694.41</u>
Change in Net Position	775.87	775.87
Total Net Position - Beginning	<u>1,776.06</u>	<u>1,776.06</u>
Total Net Position - Ending	<u>\$ 2,551.93</u>	<u>\$ 2,551.93</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**MILLTOWN SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

	<b>MAJOR FUNDS</b>	
	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>	
	<b>FOOD SERVICE</b>	<b>TOTALS</b>
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 136,790.78	\$ 136,790.78
Payments to Employees	(47,342.01)	(47,342.01)
Payments for Employee Benefits	(3,894.57)	(3,894.57)
Payments to Suppliers	(103,980.51)	(103,980.51)
Net Cash Provided by/(Used for) Operating Activities	<u>(18,426.31)</u>	<u>(18,426.31)</u>
Cash Flows From Noncapital Financing Activities:		
State Sources	1,464.45	1,464.45
Federal Sources	34,793.06	34,793.06
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>36,257.51</u>	<u>36,257.51</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	17,831.20	17,831.20
Balances - Beginning of Year	<u>12,105.71</u>	<u>12,105.71</u>
Balances - End of Year	<u>\$ 29,936.91</u>	<u>\$ 29,936.91</u>
 <b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:</b>		
Operating Income/(Loss)	\$ (42,918.54)	\$ (42,918.54)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:		
Depreciation	5,595.72	5,595.72
Food Distribution Program	6,952.09	6,952.09
(Increase)/Decrease in Accounts Receivable, Net	9,197.74	9,197.74
(Increase)/Decrease in Inventories	(1,380.11)	(1,380.11)
Increase/(Decrease) in Unearned Revenue	4,126.79	4,126.79
Total Adjustments	<u>24,492.23</u>	<u>24,492.23</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (18,426.31)</u>	<u>\$ (18,426.31)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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## **Fiduciary Fund**

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**MILLTOWN SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

	<b>UNEMPLOYMENT COMPENSATION TRUST</b>	<b>AGENCY FUNDS</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash & Cash Equivalents	\$ 78,552.21	\$ 53,793.53
	<u>78,552.21</u>	<u>\$ 53,793.53</u>
Total Assets		
<b>LIABILITIES</b>		
Payable for Student Related Activities	-	\$ 53,725.61
Payroll Deductions & Withholdings	-	67.92
	<u>-</u>	<u>67.92</u>
Total Liabilities		<u>\$ 53,793.53</u>
<b>NET POSITION</b>		
Restricted - Held in Trust for Unemployment		
Total Net Position	<u>\$ 78,552.21</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

**EXHIBIT B-8**

**MILLTOWN SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET  
POSITION  
YEAR ENDED JUNE 30, 2020**

	<b>UNEMPLOYMENT COMPENSATION TRUST</b>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	\$ 26,384.45
Total Contributions	<u>26,384.45</u>
Investment Earnings:	
Interest	<u>971.41</u>
Net Investment Earnings	<u>971.41</u>
Total Additions	<u>27,355.86</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>20,274.90</u>
Total Deductions	<u>20,274.90</u>
Change in Net Position	7,080.96
Net Position - Beginning	<u>71,471.25</u>
Net Position - Ending	<u><u>\$ 78,552.21</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

**Note 1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Milltown Public School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**Reporting Entity**

The School District is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members appointed to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grades levels Kindergarten through 8th grade. These include regular, vocational, as well as special education for handicapped youngsters. The School District has an approximate enrollment at June 30, 2020 of 820 students.

The primary criterion for including activities within the School District’s reporting entity, as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards* , is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB 61, The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34, and GASB 80, Blending Requirements for certain component Units - an Amendment of GASB Statement No. 14. The School District had no component units as of for the year ended June 30, 2020.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting, Measurement Focus and Financial Statement Presentation**

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**A. Government-Wide Financial Statements**

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

**B. Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District’s policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District’s policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

The School District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Department of Education the School District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

**Special Revenue Fund** - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

**C. Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.



**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District reports the following major proprietary funds:

**Food Service Fund** – The food service fund accounts for the financial transactions related to the food service operations of the School District.

**D. Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

**Private Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

**Agency Funds** - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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 legally mandated revenue recognition of the one or more June state aid payment for budgetary purposes only and 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

**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 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 School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or 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.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Cash, Cash Equivalents and Investments**

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

*N.J.S.A.17:9-41* et. 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 public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. 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 a market value 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 other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents.

**Tuition Receivable/Payable**

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather when purchased.

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	10-20 Years	N/A
Building and improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

**Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the School District is eligible to realize the revenue.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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 proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

**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 pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

**Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District’s policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District’s policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 12, 2021, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2020:

Statement No. 95, Postponement of The Effective Dates of Certain Authoritative Guidance, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below

- Statement No. 84, Fiduciary Activities will be effective for reporting periods beginning after December 15, 2019.
- Statement No. 87, Leases will be effective for reporting periods beginning after June 15, 2021.
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period will be effective for reporting periods beginning after December 15, 2020.
- Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61, will be effective for reporting periods beginning after December 15, 2019.
- Statement No. 91, Conduit Debt Obligations will be effective for reporting periods beginning after December 15, 2021.
- Statement No. 93, Replacement of Interbank Offered Rates will be effective for reporting periods beginning after June 15, 2021.
- Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements will be effective for reporting periods beginning after June 15, 2022.
- Statement No. 96, Subscription-Based Information Technology Arrangements will be effective for reporting periods beginning after June 15, 2022.
- Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, will be effective for reporting periods beginning after December 15, 2019.

Management has not yet determined the potential impact on the School Districts financial statements.



**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 2. Deposits and Investments**

**Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2020, the School District’s bank balance of \$4,934,325.29 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 4,745,692.93
Uninsured and Uncollateralized	<u>188,632.36</u>
Total	<u><u>\$ 4,934,325.29</u></u>

**Investments**

The School District had no investments at June 30, 2020.

**Note 3. Reserve Accounts**

**Capital Reserve**

A capital reserve account was established by the School District 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.

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 3. Reserve Accounts (Continued)**

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	1,495,466.75
Increased by:		
Deposits Approved by Board		200,000.00
		1,695,466.75
Decreased by:		
Budget Withdrawals		(500,000.00)
Ending Balance, June 30, 2020	\$	1,195,466.75

Tuition Reserve

The School District established a Tuition Reserve Account in accordance with N.J.A.C. 6A:23-3.1(j) for tuition between two boards of education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief. The District's tuition reserve account balance of \$520,000.00 as of June 30, 2020 will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2021.

The activity of the tuition reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	520,000.00
Increased by:		
Deposits Approved by Board		520,000.00
		1,040,000.00
Decreased by:		
Budget Withdrawals		(520,000.00)
Ending Balance, June 30, 2020	\$	520,000.00

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 3. Reserve Accounts (Continued)**

Maintenance Reserve

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account 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. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	1,206,712.00
Increased by:		
Deposits Approved by Board		400,000.00
Ending Balance, June 30, 2020	\$	1,606,712.00

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2020 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2020, consisted of the following:

<u>Description</u>	Governmental Funds			<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
State Awards	\$ 150,307.43	\$ -	\$ -	\$ 150,307.43
Other	-	1,635.00	0.50	1,635.50
<b>Total</b>	<b>\$ 150,307.43</b>	<b>\$ 1,635.00</b>	<b>\$ 0.50</b>	<b>\$ 151,942.93</b>
<u>Description</u>	Proprietary Funds		<u>Total Business-Type Activities</u>	
	<u>Food Service Fund</u>			
Federal Awards		\$ 469.80	\$ 469.80	
State Awards		7.43	7.43	
Other		518.85	518.85	
<b>Total</b>		<b>\$ 996.08</b>	<b>\$ 996.08</b>	

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2020 was as follows:

	Governmental Activities			
	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2020</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 211,421.50	\$ -	\$ -	\$ 211,421.50
Total Capital Assets not being depreciated	211,421.50	-	-	211,421.50
Capital Assets being depreciated:				
Land Improvements	158,357.15	116,951.88	-	275,309.03
Buildings and Improvements	13,091,098.27	308,720.00	-	13,399,818.27
Equipment	999,177.95	-	-	999,177.95
Total Capital Assets being depreciated	14,248,633.37	425,671.88	-	14,674,305.25
Less: Accumulated Depreciation:				
Land Improvements	(134,899.93)	(4,106.64)	-	(139,006.57)
Buildings and Improvements	(5,252,650.08)	(307,837.70)	-	(5,560,487.78)
Equipment	(604,232.46)	(86,337.20)	-	(690,569.66)
Total Accumulated Depreciation	(5,991,782.47)	(398,281.54)	-	(6,390,064.01)
Total Capital Assets being depreciated, net	8,256,850.90	27,390.34	-	8,284,241.24
Total Governmental Activities Capital Assets, net	\$ 8,468,272.40	\$ 27,390.34	\$ -	\$ 8,495,662.74
<b>Business-Type Activities</b>				
	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2020</u>
<b>Business-Type Activities:</b>				
Equipment	138,463.05	-	-	138,463.05
Total Capital Assets being depreciated	138,463.05	-	-	138,463.05
Less: Accumulated Depreciation:				
Buildings	-	-	-	-
Equipment	(96,959.41)	(5,595.72)	-	(102,555.13)
Total Capital Assets being depreciated, net	(96,959.41)	(5,595.72)	-	(102,555.13)
Total Business-Type Activities Capital Assets, net	\$ 41,503.64	\$ (5,595.72)	\$ -	\$ 35,907.92

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 5. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the School District as follows:

<u>Governmental Activities</u>	
Instruction:	
Regular Instruction	\$ 116,786.62
Special Education Instruction	26,352.18
Other Instruction	11,804.62
Support Services:	
Tuition	128,059.48
Student & Instruction Related Services	38,294.75
General Administrative	9,069.26
School Administrative Services	13,674.39
Central Services	7,964.58
Plant Operations & Maintenance	25,612.57
Pupil Transportation	20,663.10
	398,281.54
Total Depreciation Expense - Governmental Activities	\$ 398,281.54

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2020 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 142,434.88	\$ -
Special Revenue Fund	-	83,476.32
Enterprise Fund	-	58,958.56
	\$ 142,434.88	\$ 142,434.88

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

There were no interfund transfers for the year ended June 30, 2020.

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2020 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 3,257,000.00	\$ -	\$ 765,000.00	\$ 2,492,000.00	\$ 800,000.00
Compensated Absences	374,825.19	43,417.94	-	418,243.13	-
Net Pension Liability	2,837,634.00	1,710,838.00	1,921,996.00	2,626,476.00	-
	<u>\$ 6,469,459.19</u>	<u>\$ 1,754,255.94</u>	<u>\$ 2,686,996.00</u>	<u>\$ 5,536,719.13</u>	<u>\$ 800,000.00</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums and the net pension liability are liquidated by the general fund.

**Bonds Payable**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

During April 2008, the School District issued \$7,207,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at varying interest rates of 3.50% to 3.75% and mature on September 15th, 2022.

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 800,000.00	\$ 77,850.00	\$ 877,850.00
2022	830,000.00	47,887.50	877,887.50
2023	862,000.00	16,162.50	878,162.50
	<u>\$ 2,492,000.00</u>	<u>\$ 141,900.00</u>	<u>\$ 2,633,900.00</u>

**Bonds Authorized but not Issued**

As of June 30, 2020, the School District had no bonds authorized but not issued.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans**

**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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a 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 55 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 employers. 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

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

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2020, the School District reported a liability of \$2,626,476.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The School District's proportion measured as of June 30, 2019, was 0.0145765609%, which was an increase of 0.0001646409% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized full accrual pension expense of \$211,494.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 47,142.00	\$ 11,603
Changes of Assumptions	262,263.00	911,641
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	41,460
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	143,077.00	77,059.00
School District contributions subsequent to measurement date	138,004.00	-
	\$ 590,486.00	\$ 1,041,763.00

\$138,004.00 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2019-2020 total salaries for PERS employees multiplied by an employer pension contribution rate of 15.11%. The payable is due on April 1, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

<b>Year Ending June 30,</b>	
2020	\$ (49,299.00)
2021	(174,307.00)
2022	(246,656.00)
2023	(109,935.00)
2024	128,920.00
	\$ (451,277.00)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.73
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between District Contributions		
Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

**Actuarial Assumptions** – The collective 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 assumptions:

Inflation Rate	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on Age
Thereafter	3.00% - 7.00% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2014 - June 30, 2018

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 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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

<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%
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 Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<hr/> <hr/> 100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on 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 municipals 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 employer and 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective 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:

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

	<b>At 1% Decrease <u>(5.28%)</u></b>	<b>At Current Discount Rate <u>(6.28%)</u></b>	<b>At 1% Increase <u>(7.28%)</u></b>
School District's Proportionate Share of the Net Pension Liability	\$ 3,340,745.00	\$ 2,626,476.00	\$ 2,058,270.00

**Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:**

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective Deferred Outflows of Resources	\$ 3,149,522,616.00	\$ 4,684,852,302.00
Collective Deferred Inflows of Resources	\$ 7,645,087,574.00	\$ 7,646,736,226.00
Collective Net Pension Liability	\$18,143,832,135.00	\$19,689,501,539.00
School District's portion	0.01458%	0.01441%

**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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

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

The following represents the membership tiers for TPAF:

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

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, 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 employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.5% in State fiscal year 2018. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2019 was \$26,249,978.00. The School District's proportionate share was \$0.

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 State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0427726484%, which was an increase of 0.0012916177% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized a pension expense in the amount of \$1,548,294.00 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2019 measurement date.

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

**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, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55% - 4.55%
Thereafter	1.55% - 4.55%
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 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, 2019 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 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 TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

<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%
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 Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<hr/> <hr/> 100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. The single blended discount rate was based on 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 municipals 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 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on 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 School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – The following represents the net pension liability of the State as of June 30, 2019 calculated using the discount rate disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

	<b>At 1% Decrease <u>(4.60%)</u></b>	<b>At Current Discount Rate <u>(5.60%)</u></b>	<b>At 1% Increase <u>(6.60%)</u></b>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 30,954,534.00	\$ 26,249,978.00	\$ 22,346,685.00

**Pension Plan Fiduciary Net Position** - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective Deferred Outflows of Resources	\$ 10,129,162,237.00	\$ 14,353,461,035.00
Collective Deferred Inflows of Resources	17,736,240,054.00	11,992,821,439.00
Collective Net Pension Liability	61,519,112,443.00	67,670,209,171.00
State's Proportionate Share Associated with the District	0.04277%	0.04148%

**B. Defined Contribution Retirement Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2018 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.



**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 8. Pension Plans (Continued)**

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

**Note 9. Other Post-Retirement Benefits**

**General Information about the OPEB Plan**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees 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 paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit 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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

**Basis of Presentation**

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. 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:

<b>Inflation Rate</b>	2.50%		
		<u>TPAF/ABP</u>	<u>PERS</u>
		<u>PFRS</u>	
Salary Increases:			
Through 2026		1.55 - 3.05% based on years of service	2.00 - 6.00% based on age
			3.25 - 15.25% based on age
Thereafter		1.55 - 3.05% based on years of service	3.00 - 7.00% based on age
			Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Postretirement mortality rates were based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PFRS and PERS, respectively.

**OPEB Obligation and OPEB Expense** - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2019 was \$18,350,891.00. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the School District was 0.0439762644%, which was a decrease of 0.0012310712% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB expense in the amount of \$384,055.00 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

**Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected.. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend is 5.0%.

**Discount Rate**

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2019, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>6/30/2019</b>		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 21,679,654.04	\$ 18,350,891.00	\$ 15,706,704.11
State of New Jersey's Total Nonemployer OPEB Liability	\$ 49,298,534,898.00	\$ 41,729,081,045.00	\$ 35,716,321,820.00

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

**Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2019, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>6/30/2019</b>		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 15,120,316.24	\$ 18,350,891.00	\$ 22,627,508.63
State of New Jersey's Total Nonemployer OPEB Liability	\$ 34,382,902,820.00	\$ 41,729,081,045.00	\$ 51,453,912,586.00

\* See Healthcare Cost Trend Assumptions for details of rates.

**Additional Information**

Collective balances of the Local Group at June 30, 2019 are as follows:

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Differences between Expected & Actual Experience	\$ -	\$ (10,484,965,300.00)
Change in Assumptions	-	(8,481,529,343.00)
Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date **	TBD	-
	<u>\$ -</u>	<u>\$ (18,966,494,643.00)</u>

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

**Additional Information (continued):**

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

Fiscal Year Ending June 30,	
2020	\$ (2,546,527,182.00)
2021	(2,546,527,182.00)
2022	(2,546,527,182.00)
2023	(2,546,527,182.00)
2024	(2,546,527,182.00)
Thereafter	<u>(6,233,858,733.00)</u>
	<u>\$ (18,966,494,643.00)</u>

\*\* Employer Contributions made after June 30, 2019 are reported as a deferred outflow of resources, but are not amortized in expense.

**Plan Membership**

At June 30, 2018, the Program membership consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	<u>148,051</u>
	<u><u>364,943</u></u>

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

<b>Total OPEB Liability</b>	
Service Cost	\$ 1,734,404,850.00
Interest Cost	1,827,787,206.00
Difference Between Expected & Actual Experience	(7,323,140,818.00)
Changes of Assumptions	622,184,027.00
Contributions: Member	37,971,171.00
Gross Benefit Payments	<u>(1,280,958,373.00)</u>
Net Change in Total OPEB Liability	(4,381,751,937.00)
Total OPEB Liability (Beginning)	<u>46,110,832,982.00</u>
Total OPEB Liability (Ending)	<u>\$ 41,729,081,045.00</u>
Total Covered Employee Payroll	13,929,083,479.00
Net OPEB Liability as a Percentage of Payroll	300%

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2020, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$943,162.00, \$379,876.41, \$349,896.00 and \$1,209.00, respectively.

**MILLTOWN SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 11. Risk Management**

The School 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.

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 971.41	\$ 26,384.45	\$ 20,274.90	\$ 78,552.21
2018-2019	1,423.15	22,190.60	24,137.75	71,471.25
2017-2018	842.98	20,045.86	14,714.50	71,995.25
2016-2017	236.53	20,550.98	29,028.55	65,820.91

**Property and Liability Insurance** – The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Joint Insurance Pool** – The School District also participates in the School Alliance Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property - Blanket Building & Grounds	General & Automobile Liability
Boiler & Machinery	Workers' Compensation
School Board Legal Liability	Comprehensive Crime Coverage

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Litigation** – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 12. Contingencies (Continued)**

**Economic Dependency** – The School District 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, could have an effect on the School District’s programs and activities.

**Note 13. Deferred Compensation**

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits 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:

AXA Equitable	Lincoln Investment Planning, Inc.	Valic Investments
The Legend Group	Security Benefit & Life	

**Note 14. Compensated Absences**

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), “Accounting for Compensated Absences”. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2020, the liability for compensated absences reported was \$418,243.13.

**Note 15. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 15. Tax Abatements (Continued)**

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**Note 16. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund 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 years' budget. The excess fund balance at June 30, 2020 was \$640,600.32.

**Note 17. Fund Balances**

**General Fund** – Of the \$4,322,283.51 General Fund fund balance at June 30, 2020, \$1,195,466.75 has been restricted for the Capital Reserve Account; \$1,606,712.00 has been restricted for the Maintenance Reserve Account; \$520,000.00 has been restricted for the Tuition Reserve Account; \$553,825.61 has been restricted for current year excess surplus; \$86,774.71 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$7,356.00 has been assigned - designated for subsequent year's expenditures; \$29,342.25 has been assigned to other purposes; and \$322,806.19 has been unassigned.

**Debt Service Fund** – Of the \$0.50 Debt Service Fund fund balance at June 30, 2020, \$0.50 is restricted for future debt service payments.

**Note 18. Deficit in Net Position**

**Unrestricted Net Position** – The School District governmental activities had a deficit in unrestricted net position in the amount of \$3,301,401.94 at June 30, 2020. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2019. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**Note 19. Subsequent Events**

During the year ended June 30, 2020, the COVID-19 Corona Virus spread across the State of New Jersey and the Nation as a whole. Although the effects of the virus are still ongoing, the District does not expect it to have a material impact on its financial position.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### **C. Budgetary Comparison Schedules**

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MILLTOWN SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	ORIGINAL BUDGET	JUNE 30, 2020		VARIANCE FINAL TO ACTUAL
		BUDGET TRANSFERS	FINAL BUDGET	
10-1210	\$ 15,957,106.00	\$ -	\$ 15,957,106.00	\$ -
	40,000.00	-	40,000.00	(40,000.00)
10-1910	15,000.00	-	15,000.00	(15,000.00)
	10,000.00	-	10,000.00	170,187.47
	16,022,106.00	-	16,022,106.00	105,187.47
Total Local Sources				
10-3121	302,474.00	-	302,474.00	-
10-3131	-	-	-	123,536.00
	603,646.00	-	603,646.00	-
	618,592.00	-	618,592.00	-
10-3177	86,463.00	-	86,463.00	-
10-3190	-	-	-	8,488.00
Nonbudgeted:				
	-	-	-	943,162.00
	-	-	-	379,876.41
	-	-	-	349,896.00
	-	-	-	1,209.00
	1,611,175.00	-	1,611,175.00	1,806,167.41
Total State Sources				
	17,633,281.00	-	17,633,281.00	1,911,354.88
Total Revenues				

MILLTOWN SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	ORIGINAL BUDGET	JUNE 30, 2020		FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
		BUDGET TRANSFERS	BUDGET			
11-105-100-101	229,891.00	(96,383.00)	133,508.00	124,382.00	9,126.00	
11-110-100-101	193,984.00	58,292.00	252,276.00	247,489.42	4,786.58	
11-120-100-101	1,467,081.00	(24,762.00)	1,442,319.00	1,343,577.34	98,741.66	
11-130-100-101	1,207,820.00	25,378.81	1,233,198.81	1,198,953.45	34,245.36	
11-150-100-101	10,000.00	(2,000.00)	8,000.00	1,080.00	6,920.00	
11-150-100-320	10,000.00	7,720.05	17,720.05	15,968.00	1,752.05	
11-190-100-106	6,000.00	-	6,000.00	357.50	5,642.50	
11-190-100-320	200,000.00	-	200,000.00	121,618.78	78,381.22	
11-190-100-340	180,300.00	14,964.44	195,264.44	195,264.44	-	
11-190-100-500	262,800.00	45,806.64	308,606.64	304,438.97	4,167.67	
11-190-100-610	532,985.00	16,436.58	549,421.58	457,726.58	91,695.00	
11-190-100-640	60,000.00	-	60,000.00	38,965.11	21,034.89	
11-190-100-800	5,000.00	98,422.00	103,422.00	100,119.03	3,302.97	
<b>Total Regular Programs - Instruction</b>	<b>4,365,861.00</b>	<b>143,875.52</b>	<b>4,509,736.52</b>	<b>4,149,940.62</b>	<b>359,795.90</b>	
<b>Special Education - Instruction:</b>						
Resource Room/Resource Center:						
Salaries of Teachers	685,102.00	12,407.25	697,509.25	682,286.75	15,222.50	
Other Salaries	439,698.00	(33,883.50)	405,814.50	327,394.53	78,419.97	
General Supplies	8,700.00	-	8,700.00	5,661.83	3,038.17	
<b>Total Resource Room/Resource Center</b>	<b>1,133,500.00</b>	<b>(21,476.25)</b>	<b>1,112,023.75</b>	<b>1,015,343.11</b>	<b>96,680.64</b>	
<b>Total Special Education - Instruction</b>	<b>1,133,500.00</b>	<b>(21,476.25)</b>	<b>1,112,023.75</b>	<b>1,015,343.11</b>	<b>96,680.64</b>	
<b>Basic Skills/Remedial - Instruction:</b>						
Salaries of Teachers	290,339.00	-	290,339.00	250,563.15	39,775.85	
General Supplies	8,600.00	-	8,600.00	6,528.86	2,071.14	
<b>Total Basic Skills/Remedial - Instruction</b>	<b>298,939.00</b>	<b>-</b>	<b>298,939.00</b>	<b>257,092.01</b>	<b>41,846.99</b>	
<b>Bilingual Education - Instruction:</b>						
Salaries of Teachers	55,060.00	-	55,060.00	46,525.70	8,534.30	
General Supplies	2,000.00	-	2,000.00	1,115.31	884.69	
<b>Total Bilingual Education - Instruction</b>	<b>57,060.00</b>	<b>-</b>	<b>57,060.00</b>	<b>47,641.01</b>	<b>9,418.99</b>	

MILLTOWN SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
School-Sponsored Co-curricular/Extra Curricular Activities - Instruction:				
Salaries	102,191.00	-	102,191.00	29,681.13
Purchased Services	33,000.00	-	33,000.00	17,424.50
Supplies and Materials	22,697.00	-	22,697.00	12,767.55
Other Objects	35,000.00	-	35,000.00	18,201.75
<b>Total School-Sponsored Co-curricular/Extra Curricular Activities - Instruction</b>	<b>192,888.00</b>	<b>-</b>	<b>192,888.00</b>	<b>78,074.93</b>
School-Sponsored Athletics - Instruction:				
Salaries	30,000.00	-	30,000.00	5,111.00
Purchased Services	6,000.00	-	6,000.00	3,000.00
Supplies and Materials	10,000.00	-	10,000.00	2,606.02
<b>Total School-Sponsored Athletics - Instruction</b>	<b>46,000.00</b>	<b>-</b>	<b>46,000.00</b>	<b>10,717.02</b>
Undistributed Expenditures - Instruction (Tuition):				
Tuition to Other LEAs Within State - Regular	3,640,800.00	-	3,640,800.00	-
Tuition to Other LEAs Within State - Special	841,557.00	207,839.20	1,049,396.20	65,407.92
Tuition to Private School Disabled - Within State	482,922.00	(162,533.03)	320,388.97	11,077.23
<b>Total Undistributed Expenditures - Instruction (Tuition)</b>	<b>4,965,279.00</b>	<b>45,306.17</b>	<b>5,010,585.17</b>	<b>76,485.15</b>
Undistributed Expenditures - Health Services:				
Salaries	142,886.00	-	142,886.00	3,572.50
Purchased Professional & Technical Services	7,000.00	-	7,000.00	1,806.50
Supplies and Materials	3,000.00	-	3,000.00	815.64
<b>Total Undistributed Expenditures - Health Services</b>	<b>152,886.00</b>	<b>-</b>	<b>152,886.00</b>	<b>6,194.64</b>
Undistributed Expenditures - Speech, OT, PT and Related Services:				
Salaries	142,153.00	-	142,153.00	1,592.50
Purchased Professional - Educational Services	121,992.00	(8,322.57)	113,669.43	18,407.15
Supplies and Materials	1,200.00	-	1,200.00	169.12
<b>Total Undistributed Expenditures - Speech, OT, PT and Related Services</b>	<b>265,345.00</b>	<b>(8,322.57)</b>	<b>257,022.43</b>	<b>20,168.77</b>

MILLTOWN SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	ORIGINAL BUDGET	JUNE 30, 2020		VARIANCE FINAL TO ACTUAL
		BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Guidance:				
Salaries of Other Professional Staff	76,006.00	-	76,006.00	10,880.00
Other Purchased Professional and Technical Services	3,000.00	-	3,000.00	3,000.00
Supplies and Materials	20,000.00	-	20,000.00	4,108.65
<b>Total Undistributed Expenditures - Guidance</b>	<b>99,006.00</b>	<b>-</b>	<b>99,006.00</b>	<b>17,988.65</b>
Undistributed Expenditures - Child Study Teams:				
Salaries of Other Professional Staff	349,200.00	-	349,200.00	51,393.47
Salaries of Secretaries & Clerical Assistants	34,744.00	251.96	34,995.96	2.00
Other Purchased Prof. and Tech. Services	49,400.00	-	49,400.00	8,559.37
Other Purchased Services	4,000.00	-	4,000.00	492.54
Supplies and Materials	25,300.00	-	25,300.00	1,753.88
Other Objects	1,420.00	-	1,420.00	845.00
<b>Total Undistributed Expenditures - Child Study Teams</b>	<b>464,064.00</b>	<b>251.96</b>	<b>464,315.96</b>	<b>62,776.26</b>
Undistributed Expenditures - Improvement of Instruction Services:				
Salaries of Other Professional Staff	56,100.00	7,853.50	63,953.50	6,324.00
Salaries of Sec. and Clerical Assist.	45,412.00	56.14	45,468.14	2.00
Purchased Professional - Educational Services	88,000.00	-	88,000.00	13,700.00
Other Purchased Services	2,000.00	-	2,000.00	2,000.00
Supplies and Materials	6,500.00	-	6,500.00	-
Other Objects	12,000.00	-	12,000.00	3,489.00
<b>Total Undistributed Expenditures - Improvement of Instruction Services</b>	<b>210,012.00</b>	<b>7,909.64</b>	<b>217,921.64</b>	<b>30,537.00</b>
Undistributed Expenditures - Educational Media Services/Library:				
Salaries	99,289.00	4,008.00	103,297.00	5,401.00
Salaries of Technology Coordinators	252,326.00	-	252,326.00	27,135.96
Supplies and Materials	6,000.00	-	6,000.00	679.51
<b>Total Undistributed Expenditures - Educational Media Services/Library</b>	<b>357,615.00</b>	<b>4,008.00</b>	<b>361,623.00</b>	<b>33,216.47</b>



MILLTOWN SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures -				
Instructional Staff Training Services:				
Salaries of Other Professional Staff	35,000.00	-	35,000.00	6,513.50
Other Salaries	4,000.00	-	4,000.00	4,000.00
Purchased Professional - Educational Services	8,000.00	8,024.81	16,024.81	-
Other Purchased Services	27,000.00	-	27,000.00	15,448.67
Supplies and Materials	6,000.00	-	6,000.00	11,551.33
				-
Total Undistributed Expenditures -	80,000.00	8,024.81	88,024.81	22,064.83
Instructional Staff Training Services				
Undistributed Expenditures -				
Support Services - General Administration:				
Salaries	244,015.00	7,246.31	251,261.31	1,498.96
Legal Services	40,000.00	-	40,000.00	14,456.35
Audit Fees	35,000.00	-	35,000.00	793.00
Communications/Telephone	32,100.00	-	32,100.00	11,952.43
BOE Other Purchased Professional Services	7,000.00	-	7,000.00	4,338.51
General Supplies	6,800.00	-	6,800.00	729.77
Miscellaneous Expenditures	6,000.00	-	6,000.00	1,912.00
BOE Membership Dues and Fees	8,500.00	-	8,500.00	1,544.10
Total Undistributed Expenditures -	379,415.00	7,246.31	386,661.31	37,225.12
Support Services - General Administration				
Undistributed Expenditures -				
Support Services - School Administration:				
Salaries of Principals/Assistant Principals	351,000.00	(11,998.84)	339,001.16	1.16
Salaries of Other Professional Staff	-	12,000.00	12,000.00	8,700.00
Salaries of Secretaries & Clerical Assistants	168,903.00	1,037.42	169,940.42	1.00
Other Purchased Services	12,000.00	-	12,000.00	10,791.00
Supplies and Materials	14,000.00	-	14,000.00	2,516.52
Other Objects	4,500.00	-	4,500.00	2,561.00
Total Undistributed Expenditures -	550,403.00	1,038.58	551,441.58	24,570.68
Support Services - School Administration				

MILLTOWN SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Central Services:				
Salaries	269,314.00	554.97	269,868.97	2.08
Purchased Professional Services	9,000.00	(2,090.00)	6,910.00	-
Purchased Technical Services	16,100.00	3,146.12	19,246.12	-
Miscellaneous Purchased Services	8,000.00	-	8,000.00	4,878.25
Supplies and Materials	3,000.00	31.91	3,031.91	-
Miscellaneous Expenditures	3,500.00	-	3,500.00	2,940.00
Total Undistributed Expenditures - Central Services	308,914.00	1,643.00	310,557.00	3,683.83
Undistributed Expenditures -				
Required Maintenance for School Facilities:				
Cleaning, Repair & Maintenance Services	90,185.00	-	90,185.00	65,873.17
General Supplies	346,350.00	(151,196.68)	195,153.32	162,390.91
Other Objects	1,400.00	-	1,400.00	82.05
Total Undistributed Expenditures -	437,935.00	(151,196.68)	286,738.32	228,346.13
Required Maintenance for School Facilities				
Undistributed Expenditures - Custodial Services:				
Salaries	389,190.00	600.92	389,790.92	364,583.47
Salaries of Non-Instructional Aides	32,527.00	-	32,527.00	32,117.24
Cleaning, Repair & Maintenance Services	71,600.00	-	71,600.00	57,895.93
Rental of Land & Bldg. Other Than Lease Purch.	6,500.00	-	6,500.00	6,264.00
Other Purchased Property Services	30,000.00	-	30,000.00	17,633.29
Insurance	98,000.00	(2,000.00)	96,000.00	95,963.63
General Supplies	33,300.00	-	33,300.00	24,340.55
Energy (Natural Gas)	40,000.00	1,570.53	41,570.53	39,027.22
Energy (Electricity)	80,000.00	3,588.92	83,588.92	83,588.92
Energy (Gasoline)	1,500.00	-	1,500.00	286.83
Other Objects	1,400.00	-	1,400.00	375.00
Total Undistributed Expenditures - Custodial Services	784,017.00	3,760.37	787,777.37	722,076.08
Undistributed Expenditures -				
Care and Upkeep of Grounds:				
Cleaning, Repair & Maintenance Services	48,300.00	-	48,300.00	5,029.90
General Supplies	16,400.00	-	16,400.00	250.00
Total Undistributed Expenditures -	64,700.00	-	64,700.00	5,279.90
Care and Upkeep of Grounds				
				65,701.29
				43,270.10
				16,150.00
				59,420.10

MILLTOWN SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Security:				
Cleaning, Repair, and Maintenance Services	33,860.00	-	33,860.00	2,716.04
Total Security	33,860.00	-	33,860.00	2,716.04
Undistributed Expenditures - Student Transportation Services:				
Contract Services - Aid in Lieu Payments - Non Public Schools	30,000.00	-	30,000.00	12,866.25
Contract Services (Other Than Between Home & School) - Vendors	16,000.00	-	16,000.00	10,450.00
Contract Serv. (Spl. Ed. Students)-ESCs & CTSA	396,744.00	-	396,744.00	30,952.19
Contract Services (Special Education) - ESCs & CTSA	417,175.00	-	417,175.00	9,506.35
Total Undistributed Expenditures - Student Transportation Services	859,919.00	-	859,919.00	63,774.79
Unallocated Benefits:				
Social Security Contributions	150,000.00	3,320.17	153,320.17	1.00
Other Retirement Contributions - PERS	170,500.00	-	170,500.00	8,239.20
Other Retirement Contributions - ERIP	25,000.00	(2,135.00)	22,865.00	6,540.26
Workmen's Compensation	62,000.00	-	62,000.00	288.26
Health Benefits	1,702,767.00	-	1,702,767.00	292,681.47
Tuition Reimbursement	15,000.00	2,134.20	17,134.20	2,899.50
Other Employee Benefits	160,000.00	7,347.47	167,347.47	1.00
Total Unallocated Benefits	2,285,267.00	10,666.84	2,295,933.84	310,650.69
Nonbudgeted:				
TPAF Pension (on-behalf)	-	-	-	(943,162.00)
TPAF Social Security (reimbursed)	-	-	-	(379,876.41)
TPAF Post Retirements	-	-	-	(349,896.00)
TPAF Long-Term Disability Insurance (on behalf)	-	-	-	(1,209.00)
Total Undistributed Expenditures	12,298,637.00	(69,663.57)	12,228,973.43	(778,576.91)
Total Expenditures - Current Expense	18,392,885.00	52,735.70	18,445,620.70	(182,042.44)
Capital Outlay:				
Facilities Acquisition & Construction Services:				
Architectural/Engineering Services	31,350.00	9,151.88	40,501.88	-
Construction Services	383,650.00	(9,151.88)	374,498.12	73,978.12
Land and Improvements	85,000.00	-	85,000.00	350.00
Assessment for Debt Service on SDA Funding	2,068.00	-	2,068.00	-
Total Facilities Acquisition & Construction Services	502,068.00	(0.00)	502,068.00	74,328.12
Total Capital Outlay	502,068.00	(0.00)	502,068.00	74,328.12
Total Expenditures	18,894,953.00	52,735.70	18,947,688.70	(107,714.32)

MILLTOWN SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020		VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses)	(1,261,672.00)	(52,735.70)	1,803,640.56
Other Financing Sources/(Uses):			
Transfers In(Out):			
Transfer of Funds to Charter Schools	(91,735.00)	57,236.00	(34,499.00)
Transfers to Cover Deficit (Enterprise Fund)	-	(5,000.00)	(5,000.00)
Total Other Financing Sources/(Uses)	(91,735.00)	52,236.00	(39,499.00)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses)	(1,353,407.00)	(499.70)	1,803,640.56
Fund Balances, July 1	4,029,392.65	-	4,029,392.65
Fund Balances, June 30	\$ 2,675,985.65	\$ (499.70)	\$ 1,803,640.56

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 1,195,466.75
Maintenance Reserve	1,606,712.00
Tuition Reserve	520,000.00
Excess Surplus	553,825.61
Excess Surplus Designated for Subsequent Year's Expenditures	86,774.71
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	7,356.00
Year-End Encumbrances	29,342.25
Unassigned Fund Balance	479,649.19
Subtotal	4,479,126.51
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	(156,843.00)
Fund Balance per Governmental Funds (GAAP)	\$ 4,322,283.51

MILTOWN SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2020

	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL (OVER)/ UNDER
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	8,127.00	8,127.00	6,492.00
Federal Sources	322,549.00	158,677.00	481,226.00	370,961.00
Total Revenues	322,549.00	166,804.00	489,353.00	377,453.00
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 132,031.00	\$ 123,134.00	\$ 255,165.00	\$ 144,900.00
Other Purchased Services (400-500 Series)	161,083.00	39,678.00	200,761.00	200,761.00
General Supplies	-	612.00	612.00	31.00
Textbooks	-	896.00	896.00	133.00
Other Objects	-	4,069.00	4,069.00	3,994.00
Total Instruction	293,114.00	168,389.00	461,503.00	349,819.00
Support Services:				
Purchased Educational Services	29,435.00	(4,135.00)	25,300.00	25,300.00
Supplies and Materials	-	2,550.00	2,550.00	2,334.00
Total Support Services	29,435.00	(1,585.00)	27,850.00	27,634.00
Total Expenditures	322,549.00	166,804.00	489,353.00	377,453.00
Total Outflows	322,549.00	166,804.00	489,353.00	377,453.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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**MILLTOWN SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET TO GAAP RECONCILIATION  
YEAR ENDED JUNE 30, 2020**

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

	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUND</b>
<b>Sources/Inflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 19,544,635.88	\$ 377,453.00
Difference - Budget to GAAP:		
The last state aid payments are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).		
Current Year	(156,843.00)	-
Prior Year	146,173.00	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 19,533,965.88</u>	<u>\$ 377,453.00</u>
<b>Uses/outflows of resources:</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)	\$ 19,055,403.02	\$ 377,453.00
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
	-	-
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 19,055,403.02</u>	<u>\$ 377,453.00</u>

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)**

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**MILLTOWN SCHOOL DISTRICT  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
LAST SEVEN FISCAL YEARS\***

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.01458%	0.01441%	0.01494%	0.01476%	0.01380%	0.01231%	0.01231%
School District's proportionate share of the net pension liability	\$ 2,626,475.00	\$ 2,837,634.00	\$ 3,478,217.00	\$ 4,372,664.00	\$ 3,098,137.00	\$ 2,304,863.00	\$ 2,274,071.00
School District's covered payroll	\$ 1,004,528.95	\$ 995,719.24	\$ 999,999.88	\$ 928,085.00	\$ 928,085.00	\$ 928,085.00	\$ 928,085.00
School District's proportionate share of the net pension liability as a percentage of its covered payroll	261.46%	284.98%	347.82%	471.15%	333.82%	248.35%	245.03%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**MILLTOWN SCHOOL DISTRICT  
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
LAST SEVEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 141,787.00	\$ 143,352.00	\$ 138,420.00	\$ 131,161.00	\$ 118,655.00	\$ 101,486.00	\$ 89,654.00
Contributions in relation to the contractually required contribution	(141,787.00)	(143,352.00)	(138,420.00)	(131,161.00)	(118,655.00)	(101,486.00)	(89,654.00)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 875,713.00	\$ 1,004,528.95	\$ 995,719.24	\$ 999,999.88	\$ 928,085.00	\$ 928,085.00	\$ 928,085.00
Contributions as a percentage of covered payroll	16.19%	14.27%	13.90%	13.12%	12.78%	10.93%	9.66%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



MILLTOWN SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
 LAST SEVEN FISCAL YEARS\*

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	\$ 26,249,978.00	\$ 26,389,341.00	\$ 25,278,235.00	\$ 26,999,537.00	\$ 22,955,766.00	\$ 19,368,294.00	\$ 18,710,988.00
	\$ 26,249,978.00	\$ 26,389,341.00	\$ 25,278,235.00	\$ 26,999,537.00	\$ 22,955,766.00	\$ 19,368,294.00	\$ 18,710,988.00
School District's covered payroll	\$ 5,258,544.00	\$ 4,951,700.09	\$ 4,521,418.68	\$ 4,492,080.58	\$ 4,184,526.68	\$ 3,627,625.00	\$ -
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	22.33%	28.71%	33.64%	33.76%	33.76%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT  
BENEFITS (GASB 75)**

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**MILLTOWN SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)**  
**LAST THREE FISCAL YEARS\***

	2020	2019	2018
<b>District's Total OPEB Liability</b>			
Service Cost	\$ 841,315	\$ 978,608	\$ 1,179,784
Interest Cost	828,802	911,869	786,737
Difference between Expected & Actual Differences	(3,891,698)	(2,874,030)	-
Changes of Assumptions	273,613	(2,392,123)	(3,354,118)
Contributions: Member	16,698	19,265	21,117
Gross Benefit Payments	(563,318)	(557,401)	(573,478)
Net Change in District's Total OPEB Liability	(2,494,588)	(3,913,812)	(1,939,958)
District's Total OPEB Liability (Beginning)	20,845,479	24,759,291	26,699,249
District's Total OPEB Liability (Ending)	\$ 18,350,891	\$ 20,845,479	\$ 24,759,291
District's Covered Employee Payroll	\$ 6,134,257	\$ 5,956,229	\$ 5,771,807
District's Net OPEB Liability as a Percentage of Payroll	299%	350%	429%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**MILLTOWN SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
YEAR ENDED JUNE 30, 2020**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

**State Health Benefit Local Education Retired Employees Plan (OPEB)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.

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**OTHER SUPPLEMENTARY INFORMATION**

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**D. School Based Budget Schedules**

Not Applicable

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**E. Special Revenue Fund**

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**MILLTOWN SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2020**

	Title I	Title IIA	Title IV	I.D.E.A. - Basic	I.D.E.A. - Preschool
Revenues:					
Federal Sources	\$ 144,900.00	\$ 15,300.00	\$ 10,000.00	\$ 192,861.00	\$ 7,900.00
Total Revenues	<u>\$ 144,900.00</u>	<u>\$ 15,300.00</u>	<u>\$ 10,000.00</u>	<u>\$ 192,861.00</u>	<u>\$ 7,900.00</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 144,900.00	\$ -	\$ -	\$ -	\$ -
Other Purchased Services (400-500 Series)	-	-	-	192,861.00	7,900.00
General Supplies	-	-	-	-	-
Total Instruction	<u>144,900.00</u>	<u>-</u>	<u>-</u>	<u>192,861.00</u>	<u>7,900.00</u>
Support Services:					
Purchased Educational Services	-	15,300.00	10,000.00	-	-
Total Support Services	<u>-</u>	<u>15,300.00</u>	<u>10,000.00</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 144,900.00</u>	<u>\$ 15,300.00</u>	<u>\$ 10,000.00</u>	<u>\$ 192,861.00</u>	<u>\$ 7,900.00</u>

**MILLTOWN SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2020 (Continued)**

	Non Public Security Aid	Non Public Ch. 192 Auxiliary	Non Public Textbook	Non Public Nursing	Non Public Technology
Revenues:					
State Sources	\$ 2,334.00	\$ 2,420.00	\$ 133.00	\$ 1,574.00	\$ 31.00
Total Revenues	<u>\$ 2,334.00</u>	<u>\$ 2,420.00</u>	<u>\$ 133.00</u>	<u>\$ 1,574.00</u>	<u>\$ 31.00</u>
Expenditures:					
Instruction:					
General Supplies	\$ -	\$ -	\$ -	\$ -	\$ 31.00
Textbooks	-	-	133.00	-	-
Other Objects	-	2,420.00	-	1,574.00	-
Total Instruction	<u>-</u>	<u>2,420.00</u>	<u>133.00</u>	<u>1,574.00</u>	<u>31.00</u>
Support Services:					
Supplies and Materials	<u>2,334.00</u>	-	-	-	-
Total Support Services	<u>2,334.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2,334.00</u>	<u>\$ 2,420.00</u>	<u>\$ 133.00</u>	<u>\$ 1,574.00</u>	<u>\$ 31.00</u>

**MILLTOWN SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES -  
BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2020 (Continued)**

	Local Grant	Totals
Revenues:		
Local Sources	\$ -	\$ -
State Sources	-	6,492.00
Federal Sources	-	370,961.00
Total Revenues	\$ -	\$ 377,453.00
Expenditures:		
Instruction:		
Salaries of Teachers	\$ -	\$ 144,900.00
Other Purchased Services (400-500 Series)	-	200,761.00
General Supplies	-	31.00
Textbooks	-	133.00
Other Objects	-	3,994.00
Total Instruction	-	349,819.00
Support Services:		
Purchased Educational Services	-	25,300.00
Supplies and Materials	-	2,334.00
Total Support Services	-	27,634.00
Total Expenditures	\$ -	\$ 377,453.00

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**F. Capital Projects Fund**

**NOT APPLICABLE**

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## **H. Fiduciary Fund**

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**MILLTOWN SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

	<u>TRUST</u>		<u>AGENCY</u>		
	<u>UNEMPLOYMENT COMPENSATION</u>	<u>TRUST TOTALS</u>	<u>PAYROLL FUND</u>	<u>STUDENT ACTIVITY FUND</u>	<u>AGENCY TOTALS</u>
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 78,552.21	\$ 78,552.21	\$ 67.92	\$ 53,725.61	\$ 53,793.53
Total Assets	78,552.21	78,552.21	67.92	53,725.61	53,793.53
<b>LIABILITIES</b>					
Payable for Student Related Activities	-	-	-	53,725.61	53,725.61
Payroll Deductions & Withholdings	-	-	67.92	-	67.92
Total Liabilities	-	-	67.92	\$ 53,725.61	\$ 53,793.53
<b>NET POSITION</b>					
Restricted - Held in Trust for Unemployment Claims & Other Purposes	78,552.21	78,552.21			
Total Net Position	\$ 78,552.21	\$ 78,552.21			

**EXHIBIT H-2**

**MILLTOWN SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY  
NET POSITION  
YEAR ENDED JUNE 30, 2020**

	<b>UNEMPLOYMENT COMPENSATION TRUST</b>	<b>TOTAL TRUST</b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 26,384.45	\$ 26,384.45
Total Contributions	26,384.45	26,384.45
Investment Earnings:		
Interest	971.41	971.41
Net Investment Earnings	971.41	971.41
Total Additions	27,355.86	27,355.86
<b>DEDUCTIONS</b>		
Unemployment Claims	20,274.90	20,274.90
Total Deductions	20,274.90	20,274.90
Change in Net Position	7,080.96	7,080.96
Net Position - Beginning	71,471.25	71,471.25
Net Position - Ending	\$ 78,552.21	\$ 78,552.21

**MILLTOWN SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

	<b>BALANCE JUNE 30, 2019</b>	<b>CASH RECEIPTS</b>	<b>CASH DISBURSEMENTS</b>	<b>BALANCE JUNE 30, 2020</b>
Student Activities:				
Joyce Kilmer School	\$ 14,327.46	\$ 73,062.15	\$ 37,380.12	\$ 50,009.49
Parkview School	4,231.08	13,812.38	15,170.49	2,872.97
Joyce Kilmer Athletic Fund	233.55	3,270.88	2,661.28	843.15
Total All Student Activities	<u>\$ 18,792.09</u>	<u>\$ 90,145.41</u>	<u>\$ 55,211.89</u>	<u>\$ 53,725.61</u>

**MILLTOWN SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

	<b>BALANCE JUNE 30, 2019</b>	<b>CASH RECEIPTS</b>	<b>CASH DISBURSEMENTS</b>	<b>BALANCE JUNE 30, 2020</b>
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 49.26	\$ 12,521,186.76	\$ 12,521,168.10	\$ 67.92
Total Assets	<u>\$ 49.26</u>	<u>\$ 12,521,186.76</u>	<u>\$ 12,521,168.10</u>	<u>\$ 67.92</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 49.26	\$ 12,521,168.10	\$ 12,521,186.76	\$ 67.92
Total Liabilities	<u>\$ 49.26</u>	<u>\$ 12,521,168.10</u>	<u>\$ 12,521,186.76</u>	<u>\$ 67.92</u>

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## **I. Long-Term Debt**

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MILLTOWN SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 YEAR ENDED JUNE 30, 2020

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2019	ISSUED	RETIRED	BALANCE JUNE 30, 2020
School Bonds, Series 2008	4/30/2008	\$ 7,207,000.00	9/15/20	800,000.00	3.600%	\$ 3,257,000.00	\$ -	\$ 765,000.00	\$ 2,492,000.00
			9/15/21	830,000.00	3.750%				
			9/15/22	862,000.00	3.750%				
Total						\$ 3,257,000.00	\$ -	\$ 765,000.00	\$ 2,492,000.00

MILLTOWN SCHOOL DISTRICT  
 DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2020

	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 624,747.00	\$ -	\$ 624,747.00	\$ -
State Sources:				
Debt Service Aid Type II	245,891.00	-	245,891.00	-
Total Revenues	870,638.00	-	870,638.00	-
Expenditures:				
Regular Debt Service:				
Interest	105,638.00	-	105,637.50	0.50
Redemption of Principal	765,000.00	-	765,000.00	-
Total Regular Debt Service	870,638.00	-	870,637.50	0.50
Total Expenditures	870,638.00	-	870,637.50	0.50
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	0.50	(0.50)
Fund Balance, July 1,	-	-	-	-
Fund Balance, June 30,	\$ -	\$ -	\$ 0.50	\$ (0.50)



**STATISTICAL SECTION (Unaudited)**

Third Section

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**Financial Trends Information**

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

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MILLTOWN SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
*(Accrual Basis of Accounting)*  
(Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>FISCAL YEAR ENDING JUNE 30,</b>										
Governmental Activities:										
Net Investment in Capital Assets	\$ 6,003,662.74	\$ 5,211,272.40	\$ 4,611,023.48	\$ 4,539,030.94	\$ 4,626,997.60	\$ 3,642,500.65	\$ 3,230,995.06	\$ 3,938,018.13	\$ 3,513,046.16	\$ 3,226,627.57
Restricted	3,962,779.57	3,625,186.62	2,862,101.12	1,778,867.96	945,339.26	422,296.58	1,246,843.50	1,663,104.32	1,538,749.58	880,667.80
Unrestricted (Deficit)	(3,301,401.94)	(3,297,557.79)	(3,278,189.62)	(3,117,536.75)	(2,416,795.83)	(1,912,080.71)	163,275.90	257,739.16	2,017.33	20,643.61
Total Governmental Activities Net Position	\$ 6,665,040.37	\$ 5,538,901.23	\$ 4,194,934.98	\$ 3,200,362.15	\$ 3,155,541.03	\$ 2,152,716.52	\$ 4,641,114.46	\$ 5,858,861.61	\$ 5,053,813.07	\$ 4,127,938.98
Business-Type Activities:										
Net Investment in Capital Assets	\$ 35,907.92	\$ 41,503.64	\$ 47,563.10	\$ 55,342.31	\$ -	\$ 72,661.03	\$ 86,576.67	\$ 95,063.53	\$ 103,549.95	\$ 58,524.60
Unrestricted (Deficit)	(33,355.99)	(39,727.58)	(48,217.00)	(57,889.17)	(2,872.50)	(58,555.26)	(60,620.25)	(65,926.08)	(66,161.35)	(75,004.44)
Total Business-Type Activities Net Position	\$ 2,551.93	\$ 1,776.06	\$ (653.90)	\$ (2,546.86)	\$ (2,872.50)	\$ 14,105.77	\$ 25,956.42	\$ 29,137.45	\$ 37,388.60	\$ (16,479.84)
District-Wide:										
Net Investment in Capital Assets	\$ 6,039,570.66	\$ 5,252,776.04	\$ 4,658,586.58	\$ 4,594,373.25	\$ 4,626,997.60	\$ 3,715,161.68	\$ 3,317,571.73	\$ 3,317,571.73	\$ 4,033,081.66	\$ 3,616,596.11
Restricted	3,962,779.57	3,625,186.62	2,862,101.12	1,778,867.96	945,339.26	422,296.58	1,246,843.50	1,246,843.50	1,663,104.32	1,538,749.58
Unrestricted (Deficit)	(3,334,757.93)	(3,337,285.37)	(3,326,406.62)	(3,175,425.92)	(2,419,668.33)	(1,970,635.97)	102,655.65	102,655.65	191,813.08	(64,144.02)
Total District Net Position	\$ 6,667,592.30	\$ 5,540,677.29	\$ 4,194,281.08	\$ 3,197,815.29	\$ 3,152,668.53	\$ 2,166,822.29	\$ 4,667,070.88	\$ 4,667,070.88	\$ 5,887,999.06	\$ 5,091,201.67

Source: CAFR Schedule A-1

MILLTOWN SCHOOL DISTRICT  
 CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 5,631,707.93	\$ 6,583,318.24	\$ 6,556,572.49	\$ (3,362,968.70)	\$ (3,402,418.31)	\$ (3,448,661.57)	\$ (3,088,930.74)	\$ (2,872,677.53)	\$ (4,502,150.40)	\$ (4,305,346.25)
Special Education	1,270,760.29	1,583,301.17	1,499,168.85	(1,235,573.18)	(1,253,754.63)	(1,041,470.74)	(943,923.03)	(870,887.84)	(747,466.73)	(673,491.23)
Other Special Education				(205,109.62)	(249,584.21)	(186,554.15)	(189,177.69)	(182,956.81)	(150,707.65)	(139,935.85)
Other Instruction	569,244.74	777,541.95	724,052.02	(153,253.94)	(142,484.81)	(118,624.36)	(98,692.00)	(79,697.21)	(151,642.12)	(124,864.77)
Support Services:										
Tuition	5,860,345.93	5,492,153.35	6,016,272.92	(5,035,733.73)	(4,968,316.30)	(5,442,652.43)	(5,302,324.92)	(4,907,136.26)	(4,903,040.89)	(5,318,258.60)
Student & Instruction Related Services	1,752,470.66	1,932,247.24	1,764,040.29	(1,223,868.99)	(1,179,922.47)	(1,110,623.57)	(1,060,703.72)	(1,156,516.78)	(1,195,060.72)	(1,125,585.48)
Other Administrative Services	415,033.53	418,499.95	423,943.74	(481,552.61)	(401,279.82)	(319,048.80)	(304,599.59)	(281,902.04)	(286,098.81)	(278,278.69)
Central Services	364,480.44	330,423.56	341,614.05	(251,027.88)	(251,823.68)	(199,470.71)	(180,720.73)	(160,072.41)	(165,790.98)	(164,435.78)
Administration Information Technology Services						(25,040.00)				
School Administrative Services	625,776.88	582,702.41	615,626.35	(308,256.10)	(293,092.73)	(228,978.01)	(248,233.94)	(236,738.04)	(353,928.10)	(368,945.50)
Plant Operations & Maintenance	1,172,100.14	1,039,135.89	1,441,813.09	(942,703.38)	(1,005,766.20)	(960,673.38)	(2,152,670.23)	(726,378.42)	(1,222,932.02)	(1,083,133.89)
Pupil Transportation	945,599.09	893,316.21	818,637.85	(499,264.98)	(523,696.63)	(508,196.84)	(566,479.53)	(599,494.26)	(609,656.49)	(562,823.55)
Unallocated Benefits				(3,180,810.89)	(5,691,033.59)	(3,197,044.08)	(2,197,962.16)	(2,631,410.68)		
Charter Schools				(63,487.00)	(53,467.00)	(31,106.00)	(55,289.00)	(40,431.00)	(9,821.00)	(9,212.00)
Interest & Other Charges	99,896.12	126,452.38	151,995.08	(180,163.16)	(194,133.34)	(220,991.46)	(250,332.16)	(272,196.35)	(298,904.31)	(324,290.84)
Unallocated Depreciation				(382,539.73)	(392,724.88)	(390,346.39)	(377,930.44)	(381,930.44)		
Total Governmental Activities Expenses	18,707,415.74	19,759,092.35	20,333,736.73	(17,496,313.89)	(20,003,498.60)	(17,489,477.49)	(17,017,969.88)	(15,400,426.07)	(14,597,200.22)	(14,478,602.43)
Business-Type Activities:										
Food Service	166,384.79	198,048.13	188,045.50	(174,438.65)	(200,235.11)	(183,645.73)	(178,308.97)	(161,289.83)	(154,853.30)	(153,499.93)
Total Business-Type Activities Expense	166,384.79	198,048.13	188,045.50	(174,438.65)	(200,235.11)	(183,645.73)	(178,308.97)	(161,289.83)	(154,853.30)	(153,499.93)
Total District Expenses	\$ 18,873,800.53	\$ 19,957,140.48	\$ 20,521,782.23	\$ (17,670,752.54)	\$ (20,203,733.71)	\$ (17,673,123.22)	\$ (17,196,278.85)	\$ (15,561,715.90)	\$ (14,752,053.52)	\$ (14,632,102.36)
Program Revenues:										
Charges for Services	\$ -	\$ -	\$ -	\$ 129,641.00	\$ 29,027.50	\$ -	\$ 24,307.00	\$ 28,825.00	\$ 36,300.00	\$ 43,075.00
Capital Grants & Contributions										(15,203.00)
Operating Grants & Contributions	1,142,593.41	3,297,545.70	4,165,723.20	435,573.40	4,398,513.62	1,941,643.99	1,010,990.93	448,288.05	107,245.45	95,078.00
Total Governmental Activities Program Revenues	1,142,593.41	3,297,545.70	4,165,723.20	565,214.40	4,427,541.12	1,941,643.99	1,035,297.93	477,113.05	143,545.45	122,950.00
Business-Type Activities:										
Charges for Services:										
Food Service	123,466.25	144,228.55	135,223.28	116,413.13	121,658.66	119,893.79	125,144.74	114,082.23	118,392.19	113,536.18
Operating Grants & Contributions	43,694.41	56,249.54	54,713.18	48,471.54	49,319.97	48,220.93	49,562.72	37,554.90	36,474.62	32,526.95
Total Business Type Activities Program Revenues	167,160.66	200,478.09	189,938.46	164,884.67	170,978.63	168,114.72	174,707.46	151,607.13	154,866.81	146,063.13
Total District Program Revenues	\$ 1,309,754.07	\$ 3,498,023.79	\$ 4,355,661.66	\$ 730,099.07	\$ 4,598,519.75	\$ 2,109,758.71	\$ 1,210,005.39	\$ 628,720.18	\$ 298,412.26	\$ 269,013.13
Net (Expense)/Revenue:										
Governmental Activities	\$ (17,564,822.33)	\$ (16,461,546.65)	\$ (16,168,013.53)	\$ (16,931,099.49)	\$ (15,575,957.48)	\$ (15,547,833.50)	\$ (15,982,671.95)	\$ (14,923,313.02)	\$ (14,453,654.77)	\$ (14,355,652.43)
Business-Type Activities	775.87	2,429.96	1,892.96	(9,533.98)	(29,256.48)	(15,531.01)	(3,601.51)	(9,682.70)	13.51	(7,436.80)
Total District-Wide Net Expense	\$ (17,564,046.46)	\$ (16,459,116.69)	\$ (16,166,120.57)	\$ (16,940,633.47)	\$ (15,605,213.96)	\$ (15,563,364.51)	\$ (15,986,273.46)	\$ (14,932,995.72)	\$ (14,453,641.26)	\$ (14,363,089.23)

MILLTOWN SCHOOL DISTRICT  
 CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 15,957,106.00	\$ 15,281,469.00	\$ 14,904,848.00	\$ 14,362,007.00	\$ 14,016,713.00	\$ 13,357,544.00	\$ 12,849,854.00	\$ 12,488,395.00	\$ 12,488,395.00	\$ 12,409,782.00
Taxes Levied for Debt Service	624,747.00	622,055.50	622,262.00	618,190.00	684,132.00	685,227.00	647,634.00	684,206.00	754,081.00	583,036.00
Grants & Contributions	1,978,420.00	1,761,592.00	1,482,850.35	2,507,976.67	1,258,072.00	1,252,781.00	1,224,808.65	2,292,735.67	2,102,585.85	1,839,872.20
Investment Earnings	-	-	-	-	-	-	-	-	2,521.90	9,419.01
Tuition Received	-	116,140.00	-	-	-	-	-	-	-	-
Miscellaneous Income	170,187.47	136,441.41	211,110.02	62,791.80	49,820.13	37,954.56	50,658.15	263,024.89	31,945.11	39,878.72
Transfers In/Out	(39,499.00)	(112,185.00)	(58,484.00)	-	-	-	-	-	-	-
Total Governmental Activities	18,690,961.47	17,805,512.91	17,162,586.37	17,550,965.47	16,008,737.13	15,333,506.56	14,772,924.80	15,728,361.56	15,379,528.86	14,881,987.93
Business-Type Activities:										
Transfers In/Out	-	-	-	(5,000.00)	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	14.55	54.92
Miscellaneous Income	-	-	-	9,879.62	12,278.21	3,680.36	420.70	1,431.33	53,840.38	1,237.76
Total Business-Type Activities	-	-	-	4,879.62	12,278.21	3,680.36	420.70	1,431.33	53,854.93	1,292.68
Total District-Wide	\$ 18,690,961.47	\$ 17,805,512.91	\$ 17,162,586.37	\$ 17,555,845.09	\$ 16,021,015.34	\$ 15,337,186.92	\$ 14,773,345.50	\$ 15,729,792.89	\$ 15,433,383.79	\$ 14,883,280.61
Change in Net Position:										
Governmental Activities	\$ 1,126,139.14	\$ 1,343,966.26	\$ 994,572.84	\$ 619,865.98	\$ 432,779.65	\$ (214,326.94)	\$ (1,209,747.15)	\$ 805,048.54	\$ 925,874.09	\$ 526,335.50
Business-Type Activities	775.87	2,429.96	1,892.96	(4,674.36)	(16,978.27)	(11,850.65)	(3,180.81)	(8,251.37)	53,868.44	(6,144.12)
Total District	\$ 1,126,915.01	\$ 1,346,396.22	\$ 996,465.80	\$ 615,191.62	\$ 415,801.38	\$ (226,177.59)	\$ (1,212,927.96)	\$ 796,797.17	\$ 979,742.53	\$ 520,191.38

Source: CAFR Schedule A-2

**MILLTOWN SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*  
(Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Fund:</b>										
Restricted	\$ 3,962,779.07	\$ 3,625,186.62	\$ 2,862,101.12	\$ 1,778,867.96	\$ 943,339.26	\$ 484,204.91	\$ 1,322,240.78	\$ 1,920,117.65	\$ 1,221,386.24	\$ 576,109.73
Assigned	36,698.25	17,173.84	19,281.59	19,460.00	269,780.65	480,228.30	257,710.07	77,589.96	376,243.52	299,145.45
Unassigned	322,806.19	240,859.19	241,070.88	238,808.46	462,079.17	216,216.69	201,429.58	257,739.16	254,697.33	261,236.31
<b>Total General Fund</b>	<b>\$ 4,322,283.51</b>	<b>\$ 3,883,219.65</b>	<b>\$ 3,122,453.59</b>	<b>\$ 2,037,136.42</b>	<b>\$ 1,677,199.08</b>	<b>\$ 1,180,649.90</b>	<b>\$ 1,781,380.43</b>	<b>\$ 2,255,446.77</b>	<b>\$ 1,852,327.09</b>	<b>\$ 1,136,491.49</b>
<b>All Other Governmental Funds:</b>										
Restricted										
Debt Service Fund	\$ 0.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,146.87	\$ 917.64
Capital Projects Fund	-	-	-	-	-	-	-	-	-	28,991.24
Unreserved, Reported in:										
Capital Projects Fund	-	-	-	-	-	-	-	-	-	78,594.30
Debt Service Fund	-	-	-	-	-	-	(0.41)	34,146.81	917.00	-
<b>Total All Other Governmental Funds</b>	<b>\$ 0.50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0.41)</b>	<b>\$ 34,146.81</b>	<b>\$ 35,063.87</b>	<b>\$ 108,503.18</b>

Source: CAFR Schedule B-1



MILLTOWN SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (Modified Accrual Basis of Accounting)  
 (Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Tax Levy	\$ 16,581,853.00	\$ 15,903,524.50	\$ 15,527,110.00	\$ 14,980,197.00	\$ 14,700,845.00	\$ 14,042,771.00	\$ 13,497,458.00	\$ 13,172,601.00	\$ 13,242,476.00	\$ 12,992,818.00
Tuition Charges	-	116,140.00	-	129,641.00	29,027.50	-	24,307.00	28,825.00	-	9,419.01
Interest Earnings	-	-	-	-	-	-	-	-	2,521.90	-
Miscellaneous	170,187.47	137,498.20	211,110.02	62,791.80	49,820.13	37,954.56	50,658.15	263,024.89	68,245.11	82,953.72
State Sources	3,659,055.41	3,393,189.85	2,868,101.97	2,553,797.07	2,249,265.16	2,117,926.38	1,990,927.80	2,460,591.67	1,886,594.13	1,592,002.72
Federal Sources	370,961.00	391,185.06	438,262.58	389,753.00	411,784.46	227,527.22	244,871.78	280,432.05	323,237.17	327,744.48
<b>Total Revenues</b>	<b>20,782,056.88</b>	<b>19,941,537.61</b>	<b>19,044,584.57</b>	<b>18,116,179.87</b>	<b>17,440,742.25</b>	<b>16,426,179.16</b>	<b>15,808,222.73</b>	<b>16,205,474.61</b>	<b>15,523,074.31</b>	<b>15,004,937.93</b>
<b>Expenditures</b>										
Instruction:										
Regular Instruction	4,499,759.62	4,227,126.64	3,872,552.37	3,362,968.70	3,402,418.31	3,448,661.57	3,088,930.74	2,872,677.53	2,751,094.90	2,679,297.52
Special Education Instruction	1,015,343.11	1,016,632.39	888,173.41	888,833.78	853,024.69	826,933.11	723,095.48	585,030.19	520,859.43	479,383.58
Other Special Instruction	-	-	-	205,109.62	249,584.21	186,554.15	189,177.69	182,956.81	150,707.65	139,935.85
Other Instruction	454,829.07	499,257.09	428,960.19	153,253.94	142,484.81	118,624.36	98,692.00	79,697.21	66,664.38	41,675.77
Support Services:										
Instruction	-	-	-	5,035,733.73	4,968,316.30	5,442,652.43	5,302,324.92	4,907,136.26	4,903,040.89	5,318,258.60
Tuition	4,934,100.02	4,488,726.55	4,688,460.55	-	-	-	-	-	-	-
Health Services	146,691.36	151,089.70	139,855.12	-	-	-	-	-	-	-
Support Services - Students	-	-	-	1,031,927.34	923,025.26	809,207.21	902,394.43	894,406.75	851,263.36	787,683.54
Support Services - Instructional Staff	-	-	-	184,343.65	241,083.39	282,202.61	130,107.48	162,348.48	127,238.47	97,756.75
Student & Instruction Related Services	1,328,795.86	1,428,132.32	1,234,855.34	-	-	-	-	-	-	-
Other Administrative Services	349,436.19	342,039.22	330,377.88	308,256.10	293,092.73	228,978.01	248,233.94	236,738.04	237,878.20	232,082.30
Central Services	306,873.17	270,054.55	266,218.64	251,027.88	251,823.68	199,470.71	180,720.73	160,072.41	165,790.98	164,435.78
Administration Information	-	-	-	-	-	-	-	-	-	-
Technology Services	-	-	-	-	-	-	-	-	-	-
School Administrative Services	526,870.90	476,241.58	479,755.47	481,552.61	401,279.82	25,040.00	304,599.59	281,902.04	257,226.59	247,260.31
Plant Operations & Maintenance	986,846.07	959,414.32	909,090.41	942,703.38	886,093.71	939,689.47	1,152,684.96	747,909.68	770,886.96	775,268.17
Pupil Transportation	796,144.21	730,105.65	637,961.63	499,264.98	523,696.63	568,196.84	566,479.53	599,494.26	587,901.46	539,941.46
Unallocated Benefits	3,659,426.56	3,497,093.78	2,980,775.39	1,669,165.57	1,614,903.48	1,522,061.22	1,504,277.09	1,576,110.76	1,425,366.60	1,494,611.20
On-Behalf TPAF Pension Contributions	-	-	-	352,650.00	274,792.00	196,359.00	153,303.00	239,223.00	126,604.00	12,206.00
On-Behalf TPAF Post Retirement	-	-	-	421,707.00	327,201.00	311,719.00	251,361.00	509,724.00	254,507.00	259,258.00
Medical Contributions	-	-	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security	-	-	-	339,725.67	315,351.86	282,767.61	285,673.57	278,516.67	263,438.68	271,648.72
Contributions	-	-	-	-	-	-	-	-	-	-
Business and Other Support Services:										
Charter School	-	-	-	53,487.00	53,467.00	31,106.00	55,289.00	40,431.00	9,821.00	9,212.00
Capital Outlay	425,671.88	34,440.04	96,489.00	337,940.26	197,185.02	199,613.19	77,721.56	203,196.64	167,247.11	58,512.64
Special Revenue	-	-	-	354,337.40	416,543.76	230,616.99	249,029.36	390,619.20	390,448.17	455,957.87
Debt Service:										
Principal	765,000.00	814,277.22	788,015.00	680,000.00	650,000.00	625,000.00	595,239.08	574,337.31	547,478.57	522,680.83
Interest & Other Charges	107,705.50	133,955.50	159,243.00	183,568.00	206,575.00	232,412.00	257,101.14	280,743.75	305,213.62	330,749.70
<b>Total Expenditures</b>	<b>20,303,493.52</b>	<b>19,068,586.55</b>	<b>17,900,783.40</b>	<b>17,737,556.76</b>	<b>17,191,942.66</b>	<b>17,026,909.28</b>	<b>16,316,436.29</b>	<b>15,803,271.99</b>	<b>14,880,678.02</b>	<b>14,897,816.59</b>
Other Financing Sources/(Uses):										
Capital Leases (Non-budgeted)	-	-	-	234,063.82	-	-	-	-	-	-
Transfers in	-	-	-	(5,000.00)	-	-	-	-	34,125.42	147,230.90
Transfers Out	(39,499.00)	(112,185.00)	(58,484.00)	-	-	-	-	-	(34,125.42)	(147,230.90)
<b>Total Other Financing Sources/(Uses)</b>	<b>(39,499.00)</b>	<b>(112,185.00)</b>	<b>(58,484.00)</b>	<b>229,063.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 439,064.36</b>	<b>\$ 760,766.06</b>	<b>\$ 1,085,317.17</b>	<b>\$ 607,686.93</b>	<b>\$ 248,799.59</b>	<b>\$ (600,730.12)</b>	<b>\$ (508,213.56)</b>	<b>\$ 402,202.62</b>	<b>\$ 642,396.29</b>	<b>\$ 107,121.34</b>
Debt Service as a Percentage of Noncapital Expenditures	4.49%	5.23%	5.59%	5.23%	5.38%	5.38%	5.60%	5.87%	6.25%	6.27%

EXHIBIT J-5

MILLTOWN SCHOOL DISTRICT  
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
 LAST TEN FISCAL YEARS  
 (Modified Accrual Basis of Accounting)  
 (Unaudited)

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	RENTS	REFUNDS	MISCELLANEOUS	TOTAL
2020	\$ -	\$ -	\$ -	\$ 170,187.47	\$ 170,187.47
2019	-	34,581.50	-	217,999.91	252,581.41
2018	-	-	-	211,110.02	211,110.02
2017	-	21,617.27	-	41,174.53	62,791.80
2016	-	18,866.46	-	30,953.67	49,820.13
2015	-	-	-	37,954.56	37,954.56
2014	-	22,936.90	131.45	26,335.45	49,403.80
2013	-	24,298.33	1,911.77	225,170.64	251,380.74
2012	2,388.02	24,834.00	2,880.07	(6,762.96)	23,339.13
2011	8,502.11	16,104.00	4,368.30	18,406.42	47,380.83
Total	\$ 10,890.13	\$ 163,238.46	\$ 9,291.59	\$ 972,529.71	\$ 1,155,949.89

Source: District Records

**Revenue Capacity Information**

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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MILLTOWN SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS  
 (Unaudited)

FISCAL YEAR ENDED JUNE 30	VACANT LAND	RESIDENTIAL	FARM REG.	OFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
2020	\$ 5,460,700.00	\$ 389,248,200.00	\$ -	\$ -	\$ 42,922,500.00	\$ 4,567,400.00	\$ 1,682,700.00	\$ 443,881,500.00	\$ -	\$ -	443,881,500.00	3.880	\$ 116,531,600,023.00
2019	5,331,800.00	390,022,900.00	-	-	42,894,300.00	4,567,400.00	1,682,700.00	444,499,100.00	-	-	444,499,100.00	3.731	112,729,209,113.00
2018	5,186,600.00	390,765,900.00	-	-	43,169,400.00	4,567,400.00	1,682,700.00	445,372,000.00	-	-	445,372,000.00	3.571	106,582,434,678.00
2017	5,181,200.00	390,768,300.00	-	-	43,261,300.00	5,567,400.00	1,682,700.00	446,460,900.00	-	-	446,460,900.00	3.478	103,567,776,130.00
2016	4,213,300.00	390,352,500.00	-	-	43,732,800.00	7,427,400.00	1,682,700.00	447,408,700.00	-	-	447,408,700.00	3.349	102,655,566,087.00
2015	3,889,000.00	390,820,100.00	-	-	43,970,400.00	7,427,400.00	1,682,700.00	447,789,600.00	-	-	447,789,600.00	3.283	98,155,708,228.00
2014	3,904,000.00	391,414,800.00	-	-	44,283,600.00	8,027,400.00	1,682,700.00	449,312,500.00	-	149,634.00	449,462,134.00	3.125	95,188,412,107.00
2013	-	-	-	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Middlesex County Board of Taxation  
 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  
 Note: There was a property revaluation in 2009

**MILLTOWN SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)  
(Unaudited)**

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>SCHOOL DISTRICT DIRECT RATE</b>			<b>OVERLAPPING RATES</b>		<b>TOTAL DIRECT AND OVERLAPPING TAX RATE</b>
	<b>BASIC RATE</b>	<b>GENERAL OBLIGATION DEBT SERVICE</b>	<b>TOTAL DIRECT</b>	<b>BOROUGH OF MILLTOWN</b>	<b>MIDDLESEX COUNTY</b>	
2020	3.740	0.14	3.880	1.631	0.797	6.308
2019	3.591	0.14	3.731	1.534	0.797	6.062
2018	3.431	0.14	3.571	1.338	0.794	5.703
2017	3.334	0.14	3.478	1.241	0.787	5.506
2016	3.193	0.16	3.349	1.210	0.751	5.310
2015	3.123	0.16	3.283	1.155	0.761	5.199
2014	2.975	0.31	3.283	1.128	0.763	5.174
2013	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A

Source: Municipal Tax Collector, Middlesex County Board of Taxation.

**MILLTOWN SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAX PAYERS,  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)**

Taxpayer	2020		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE

**DATA NOT AVAILABLE**

Total	<u>\$ -</u>	<u></u>
-------	-------------	---------

Taxpayer	2011		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE

**DATA NOT AVAILABLE**

Total	<u>\$ -</u>	<u>-</u>
-------	-------------	----------

**Source:** Municipal Tax Assessor

**MILLTOWN SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2020	\$ 16,581,853.00	\$ 16,581,853.00	100.00%	-
2019	15,903,524.50	15,903,524.50	100.00%	-
2018	15,527,110.00	15,527,110.00	200.00%	-
2017	14,980,197.00	14,980,197.00	100.00%	-
2016	14,700,845.00	14,700,845.00	100.00%	-
2015	14,042,771.00	14,042,771.00	100.00%	-
2014	13,497,458.00	13,497,458.00	100.00%	-
2013	13,172,601.00	13,172,601.00	100.00%	-
2012	13,242,476.00	13,242,476.00	100.00%	-
2011	12,992,818.00	12,992,818.00	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

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.



**Debt Capacity Information**

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

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**MILLTOWN 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	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2020	\$ 2,492,000.00	\$ -	\$ 2,492,000.00	N/A	N/A
2019	3,257,000.00	-	3,257,000.00	N/A	N/A
2018	3,992,000.00	-	3,992,000.00	N/A	N/A
2017	4,702,000.00	-	4,702,000.00	N/A	659.28
2016	4,732,000.00	-	4,732,000.00	N/A	672.92
2015	6,032,000.00	-	6,032,000.00	N/A	857.79
2014	6,657,000.00	-	6,657,000.00	3.00%	951.54
2013	7,227,000.00	-	7,227,000.00	N/A	N/A
2012	7,777,000.00	-	7,777,000.00	N/A	N/A
2011	8,301,000.00	-	8,301,000.00	N/A	N/A

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
See Exhibit J-14 for personal income and population data.

**MILLTOWN SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>FISCAL YEAR ENDED JUNE 30,</b>	<b>ESTIMATED SCHOOL DISTRICT POPULATION</b>	<b>NET ASSESSED VALUATION TAXABLE</b>	<b>NET GENERAL BONDED DEBT OUTSTANDING</b>	<b>PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY</b>	<b>PER CAPITA</b>
2020	820	\$ 443,881,500.00	2,492,000.00	0.56%	3,039
2019	759	444,499,100.00	3,257,000.00	0.73%	4,291
2018	763	445,372,000.00	3,992,000.00	0.90%	5,232
2017	N/A	446,460,900.00	4,702,000.00	1.05%	N/A
2016	N/A	447,408,700.00	4,732,000.00	1.06%	N/A
2015	N/A	447,789,600.00	6,032,000.00	1.35%	N/A
2014	N/A	449,462,134.00	6,657,000.00	1.48%	N/A
2013	N/A	-	7,227,000.00	N/A	N/A
2012	N/A	-	7,777,000.00	N/A	N/A
2011	N/A	-	8,301,000.00	N/A	N/A

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.  
See Exhibit J-6 for property tax data.  
Population data can be found in Exhibit J-14.

**MILLTOWN SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
YEAR ENDED JUNE 30, 2020  
(Unaudited)**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Milltown	\$ 36,116,306.38	100.0%	\$ 36,116,306.38
Other Debt:			
County of Middlesex - Township's Share (%)	662,191,350.00	0.5294%	3,505,773.45
Subtotal, Overlapping Debt			39,622,079.83
Milltown Borough School District Direct Debt			<u>2,492,000.00</u>
Total Direct & Overlapping Debt			<u><u>\$ 42,114,079.83</u></u>

Sources: Middlesex County Office of the Treasurer, Borough of Milltown, Borough of Milltown Sewerage Authority, Borough of Milltown Housing Authority

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 Milltown. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

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

MILLTOWN SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
*(Dollars in Thousands)*  
 (Unaudited)

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 27,687,234.28	\$ 26,539,412.64	\$ 26,164,814.04	\$ 25,880,292.76	\$ 25,661,244.90	\$ 26,231,752.09	\$ 27,069,368.43	\$ -	\$ -	\$ 22,640,697.00
Total Net Debt Applicable to Limit	2,492,000.00	3,257,000.00	3,992,000.00	4,702,000.00	5,382,000.00	6,032,000.00	6,657,000.00	-	-	8,301,000.00
Legal Debt Margin	\$ 25,195,234.28	\$ 23,282,412.64	\$ 22,172,814.04	\$ 21,178,292.76	\$ 20,279,244.90	\$ 20,199,752.09	\$ 20,412,368.43	\$ -	\$ -	\$ 14,339,697.00
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.00%	12.27%	15.26%	18.17%	20.97%	23.00%	24.59%	#DIV/0!	#DIV/0!	36.66%
Average Equalized Valuation of Taxable Property										
Debt Limit (3% of Average Equalization Value) Net Bonded School Debt										
Legal Debt Margin										
Equalized Valuation Basis										
2019	\$ 964,206,291.00									
2018	913,021,730.00									
2017	891,495,407.00									
	\$ 2,768,723,428.00									
Average Equalized Valuation of Taxable Property	\$ 922,907,809.33									
Debt Limit (3% of Average Equalization Value)	\$ 27,687,234.28									
Legal Debt Margin	\$ 25,195,234.28									

Source: Equalized valuation bases were obtained from the Middlesex County Board of Taxation

### **Demographic and Economic Information**

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts.

Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**MILLTOWN SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>YEAR</b>	<b>POPULATION (a)</b>	<b>PERSONAL INCOME (b)</b>	<b>PER CAPITA PERSONAL INCOME (c)</b>	<b>UNEMPLOYMENT RATE (d)</b>
2020	6,998	403,070,804	57,598	5.70%
2019	7,034	405,144,332	57,598	3.10%
2018	7,162	400,928,760	55,980	3.30%
2017	7,082	383,114,954	54,097	5.70%
2016	7,132	381,326,644	53,467	3.60%
2015	7,049	N/A	N/A	4.30%
2014	7,035	N/A	N/A	5.20%
2013	7,011	366,612,201	52,291	7.80%
2012	6,961	360,092,530	51,730	7.50%
2011	6,917	347,696,839	50,267	7.40%

**Source:** U.S. Department of Commerce, Bureau of Economic Analysis. These numbers are estimated by the Bureau and may be revised from year to year.

a Population information provided by the NJ Dept of Labor and Workforce Development. These numbers are estimated by the Department and may be revised from year to year.

b Personal income has been estimated based upon the county population and per capita personal income presented.

c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development. Note that that there is recent revised data for the years 2004 through 2001 due to the new unemployment estimation procedure.

**MILLTOWN SCHOOL DISTRICT  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)**

2020		
EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT

**DATA NOT AVAILABLE**

Total	_____	_____
	=====	=====
Total Employment - (Estimated)	_____	
	=====	

Source: Middlesex County Department of Economic Development and Tourism;  
 The Borough of Milltown, Official Statements

### **Operating Information**

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**MILLTOWN SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Function/Program</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Instruction:										
Regular	59.00	56.00	55.00	58.40	49.20	43.50	41.50	41.50	41.50	41.50
Special Education	13.80	12.80	12.80	10.00	10.00	11.40	11.40	11.40	11.40	11.40
Support Services:										
Student & Instruction Related Services	26.00	31.00	27.00	15.00	18.10	18.10	18.10	18.10	12.40	12.40
General Administration	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40
School Administrative Services	1.00	1.00	1.90	1.90	1.90	1.90	1.90	1.90	2.40	2.40
Central Services	9.00	9.00	9.00	9.00	9.00	6.00	6.00	6.00	4.00	4.00
Administrative Information Technology	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Plant Operations & Maintenance	7.00	7.00	7.00	8.00	8.00	8.00	8.00	7.00	6.00	6.00
Pupil Transportation	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	1.00	1.00
<b>Total</b>	<b>119.60</b>	<b>120.60</b>	<b>116.50</b>	<b>106.10</b>	<b>100.00</b>	<b>92.70</b>	<b>90.70</b>	<b>89.70</b>	<b>82.10</b>	<b>82.10</b>

**Source:** District Personnel Records

MILLTOWN SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO (d)		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEM	MIDDLE				
2020	820	\$ 19,005,116.14	\$ 23,176.97	0.00%	68.80	N/A	N/A	747.00	714.00	-0.12%	95.58%
2019	747	13,254,020.00	17,743.00	0.00%	68.80	N/A	N/A	747.00	714.00	-0.12%	95.58%
2018	746	-	-	0.00%	67.80	N/A	N/A	747.90	715.00	2.42%	95.60%
2017	726	-	-	0.00%	68.40	N/A	N/A	730.20	696.70	2.34%	95.41%
2016	715	-	-	0.00%	59.20	N/A	N/A	713.50	684.60	4.45%	95.95%
2015	681	-	15,669.45	0.00%	53.00	N/A	N/A	683.10	653.90	1.34%	95.73%
2014	679	10,890,389.00	15,992.00	0.00%	54.90	N/A	N/A	674.10	646.90	4.76%	95.96%
2013	648	-	-	0.00%	52.90	N/A	N/A	643.50	618.40	-2.00%	96.10%
2012	667	-	-	-100.00%	52.90	N/A	N/A	656.60	633.20	-1.91%	96.44%
2011	668	8,723,257.00	13,058.77	2.95%	56.50	01:13.5	1:12	669.40	639.40	0.81%	95.52%

Sources: District records

Note: Enrollment based on annual October district count from the year prior.

a Operating expenditures equal total expenditures less debt service, capital outlay, and on-behalf TPAF Pension and reimbursed TPAF social security contributions. J-4

b Teaching staff includes only full-time equivalents of certificated staff.

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

d Pupil/Teacher ratio was obtained from the Comparative Spending Guide

MILLTOWN SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>DISTRICT BUILDINGS</b>										
Elementary Schools:										
Parkview Elementary			49,697	49,697	49,697	49,697	49,697	49,697	36,516	36,516
Square Feet	327	327	327	327	255	255	255	255	255	255
Capacity	352	352	352	338	325	323	N/A	N/A	N/A	N/A
Enrollment										
Middle School:										
Joyce Kilmer School:										
Square Feet	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	49,993	49,993
Capacity	599	599	599	599	415	415	415	415	415	415
Enrollment	394	394	394	399	392	393	N/A	N/A	N/A	313

Number of Schools at June 30, 2020:

Elementary = 1

Middle School = 1

Source: District Facilities Office, District Records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

MILLTOWN SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS  
 (Unaudited)

SCHOOL FACILITIES	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Elementary School: Parkview	\$ 105,260.89	\$ 55,320.68	\$ 93,619.78	\$ 104,749.24	\$ 95,980.00	\$ 81,449.47	\$ 88,000.51	\$ 47,210.00	\$ 48,845.96	\$ 46,243.00
Middle School: Joyce Kilmer	123,085.24	64,688.41	109,472.90	122,486.98	112,232.79	108,762.84	117,510.71	79,422.77	83,826.61	44,595.00
Grand Total	\$ 228,346.13	\$ 120,009.09	\$ 203,092.68	\$ 227,236.22	\$ 208,212.79	\$ 190,212.31	\$ 205,511.22	\$ 126,632.77	\$ 132,672.57	\$ 90,838.00



**MILLTOWN SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2020  
(Unaudited)**

	<b>COVERAGE</b>	<b>DEDUCTIBLE</b>
<b>SCHOOL PACKAGE POLICY (1):</b>		
Building and Contents (All Locations)	\$ 24,818,175.00	\$ 5,000.00
Boiler and Machinery:	100,000.00	5,000.00
Electronic Data Processing Equipment	439,610.00	1,000.00
General Liability	16,000,000.00	-
General Automobile Liability	16,000,000.00	-
School Board Legal Liability	16,000,000.00	-
Employers Liability	2,000,000.00	-
Workers' Compensation	Statutory	N/A
<b>SCHOOL ACCIDENT INSURANCE (2):</b>		
Voluntary Students	150,000.00	-
<b>SURETY BONDS (3):</b>		
Treasurer	194,000.00	-
School Business Administrator	475,000.00	-
Employee Blanket Bond	50,000.00	-
Business Administrator's Staff	100,000.00	-

- (1) NJ School Boards Insurance Group
- (2) Berkley Life & Health
- (3) Selective Insurance

Source: District Records

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**SINGLE AUDIT SECTION**

Fourth Section

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Certified Public Accountants + Advisors

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**EXHIBIT K-1**

**INDEPENDENT AUDITOR'S 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**

Honorable President and Members  
of the Board of Education  
Milltown Public School District  
County of Middlesex  
Milltown, NJ 08850

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Milltown Public School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 12, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Milltown Public School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Milltown Public School 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 entity'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **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 results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison  
Certified Public Accountant  
Public School Accountant, #897

Toms River, New Jersey  
January 12, 2021



**EXHIBIT K-2**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members  
of the Board of Education  
Milltown Public School District  
County of Middlesex  
Milltown, NJ 08850

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

We have audited the Milltown Public School District's compliance with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2020. The Milltown Public School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Milltown Public School District's major 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; New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB's 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 state program occurred. An audit includes examining, on a test basis, evidence about the School 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 School District's compliance.

## Opinion on Each Major Federal and State Program

In our opinion, the Milltown Public School 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 state programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of the Milltown Public School 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 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 the School 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 New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,  
HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison  
Certified Public Accountant  
Public School Accountant, #897

Toms River, New Jersey  
January 12, 2021



MILLTOWN SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	UNEARNED REVENUE	BALANCE, JUNE 30, 2020	
														(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
<b>U.S. Department of Agriculture</b>															
Passed Through New Jersey Department of Agriculture:															
Federal Child Nutrition Cluster															
National School Lunch Program	10.555	201NI304N1099	100-010-3350-028	33,679.46	7/11/9-6/30/20	\$ -	\$ -	\$ 33,679.46	\$ (33,679.46)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COVID-19 National School Lunch Program	10.555	201NI304N1099	100-010-3350-028	1,113.60	7/11/9-6/30/20	(8,807.05)	-	643.80	(1,113.60)	-	-	-	-	(469.80)	-
National School Lunch Program	10.555	191NI304N1099	100-010-3350-028	43,846.18	7/11/8-6/30/19	(8,807.05)	-	8,807.05	-	-	-	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	201NI304N1099	Unavailable	6,952.09	7/11/9-6/30/20	(8,807.05)	-	6,952.09	(6,952.09)	-	-	-	-	-	-
Total Child Nutrition Cluster						(8,807.05)	-	50,082.40	(41,745.15)	-	-	-	-	(469.80)	-
<b>Total U.S. Department of Agriculture</b>						(8,807.05)	-	50,082.40	(41,745.15)	-	-	-	-	(469.80)	-
<b>U.S. Department of Education</b>															
Passed Through New Jersey Department of Education:															
No Child Left Behind (N.C.L.B.):															
Title I - Part A	84.010	S010A180030	100-034-5064-194	144,900.00	7/11/9-6/30/20	-	-	144,900.00	(144,900.00)	-	-	-	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A180029	100-034-5063-290	15,300.00	7/11/9-6/30/20	-	-	15,300.00	(15,300.00)	-	-	-	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A180029	100-034-5063-290	24,629.00	7/11/8-6/30/19	200.00	-	-	-	-	-	(200.00)	-	-	-
Title III - English Language Acquisition	84.365	S365A180030	100-034-5064-187	13,766.00	7/11/8-6/30/19	(13,033.06)	-	13,766.00	-	-	-	-	732.94	-	-
Title IV	84.424	S424A180031	100-034-5063-348	20,000.00	7/11/9-6/30/20	-	-	10,000.00	(10,000.00)	-	-	-	-	-	-
Title IV	84.424	S424A180031	100-034-5063-348	10,000.00	7/11/8-6/30/19	(10,000.00)	-	10,000.00	-	-	-	-	-	-	-
Special Education Cluster:															
I.D.E.A. Part B	84.027	H027A190100	100-034-5065-016	192,861.00	7/11/9-6/30/20	-	-	192,861.00	(192,861.00)	-	-	-	-	-	-
I.D.E.A. Preschool	84.173	H173A190114	100-034-5065-020	7,900.00	7/11/9-6/30/20	-	-	7,900.00	(7,900.00)	-	-	-	-	-	-
Total Special Education Cluster						(22,833.06)	-	394,727.00	(370,961.00)	-	-	(200.00)	732.94	-	-
<b>Total U.S. Department of Education</b>						(31,640.11)	-	444,809.40	(412,706.15)	-	-	(200.00)	732.94	(469.80)	\$ -
<b>Total Expenditures of Federal Awards</b>															

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

MILLTOWN SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEARENDED JUNE 30, 2020

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS' BALANCES	ADJUSTMENT	BALANCE, JUNE 30, 2020		MEMO		
											UNEARNED REVENUE	(AC COUNTS) RECEIVABLE	GRANTOR	GRANTOR	BUDGETARY RECEIVABLE
<b>New Jersey Department of Education:</b>															
General Fund:															
State Aid Public:															
Special Education Categorical Aid	495-034-5120-089	\$ 603,646.00	7/1/19-6/30/20	\$ -	\$ -	\$ 603,646.00	\$ (603,646.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,763.11	603,646.00
Security Aid	495-034-5120-084	86,463.00	7/1/19-6/30/20	-	-	86,463.00	(86,463.00)	-	-	-	-	-	-	8,416.91	86,463.00
Equalization Aid	495-034-5120-078	618,592.00	7/1/19-6/30/20	-	-	618,592.00	(618,592.00)	-	-	-	-	-	-	60,218.06	618,592.00
Total State Aid Public						1,308,701.00	(1,308,701.00)	-	-	-	-	-	-	127,398.07	1,308,701.00
Transportation Aid	495-034-5120-014	302,474.00	7/1/19-6/30/20	-	-	302,474.00	(302,474.00)	-	-	-	-	-	-	29,444.93	302,474.00
Extrordinary Aid	495-034-5120-044	123,536.00	7/1/19-6/30/20	-	-	(123,536.00)	(123,536.00)	-	-	-	-	-	-	-	123,536.00
Additional Non-Public Transportation Aid	495-034-5120-044	46,289.00	7/1/19-6/30/19	(46,289.00)	-	46,289.00	(8,488.00)	-	-	-	-	-	-	-	8,488.00
Additional Non-Public Transportation Aid	495-034-5120-014	171,886.00	7/1/18-6/30/19	(17,186.00)	-	171,886.00	-	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	495-034-5120-014	171,886.00	7/1/18-6/30/19	(18,705.17)	-	18,705.17	-	-	-	-	-	-	-	-	-
TPAF - Post Retirement	495-034-5094-003	372,570.85	7/1/19-6/30/20	-	-	361,592.98	(379,876.41)	-	-	-	-	-	-	(18,283.43)	379,876.41
TPAF - Pension	495-034-5094-001	349,896.00	7/1/19-6/30/20	-	-	349,896.00	(349,896.00)	-	-	-	-	-	-	-	349,896.00
Contributions (Noncash Assistance)	495-034-5094-002	943,162.00	7/1/19-6/30/20	-	-	943,162.00	(943,162.00)	-	-	-	-	-	-	-	943,162.00
TPAF - Long-Term Disability	495-034-5094-004	1,209.00	7/1/19-6/30/20	-	-	1,209.00	(1,209.00)	-	-	-	-	-	-	-	1,209.00
Insurance (Noncash Assistance)				(82,180.17)	-	3,349,215.15	(3,417,342.41)	-	-	-	-	(150,307.43)	-	156,843.00	3,417,342.41
Total General Fund															
Special Revenue Fund:															
Non-Public Aid:															
Textbooks	100-034-5120-064	896.00	7/1/19-6/30/20	-	-	896.00	(133.00)	-	-	-	-	-	-	763.00	133.00
Nursing Services	100-034-5120-070	587.00	7/1/19-6/30/19	140.00	-	1,649.00	(1,574.00)	(140.00)	-	-	-	-	-	75.00	1,574.00
Nursing Services	100-034-5120-070	1,067.00	7/1/19-6/30/19	21.00	-	612.00	(31.00)	(21.00)	-	-	-	-	-	581.00	31.00
Technology Initiative	100-034-5120-373	612.00	7/1/19-6/30/20	-	-	2,550.00	(2,334.00)	-	-	-	-	-	-	216.00	2,334.00
Technology Initiative	100-034-5120-373	396.00	7/1/19-6/30/19	376.00	-	46.00	(51.00)	(376.00)	-	-	-	-	-	(5.00)	51.00
Security Aid	100-034-5120-369	2,530.00	7/1/19-6/30/20	-	-	2,070.00	(2,369.00)	-	-	-	-	-	-	(299.00)	2,369.00
Transportation	100-034-5120-066	51.00	7/1/19-6/30/20	-	-	2,070.00	(2,369.00)	-	-	-	-	-	-	(2,678.00)	51.00
Transpiration	100-034-5120-066	2,369.00	7/1/19-6/30/20	-	-	7,823.00	(6,492.00)	-	-	-	-	-	-	(304.00)	6,492.00
Corrective Speech	100-034-5120-066	3,571.00	7/1/18-6/30/19	2,678.00	-	245,891.00	(245,891.00)	-	-	-	-	-	-	-	245,891.00
Total Special Revenue Fund						7,823.00	(6,492.00)	-	(3,215.00)	-	-	(304.00)	1,635.00	-	6,492.00
Debt Service Fund:															
Debt Service Aid	495-034-5120-075	245,891.00	7/1/19-6/30/20	-	-	245,891.00	(245,891.00)	-	-	-	-	-	-	-	245,891.00
Total Debt Service Fund						245,891.00	(245,891.00)	-	-	-	-	-	-	-	245,891.00
<b>New Jersey Department of Agriculture:</b>															
Enterprise Fund:															
National School Lunch Program	100-010-3350-023	1,464.45	7/1/19-6/30/20	(384.50)	-	1,457.02	(1,464.45)	-	-	-	-	(7.43)	-	-	1,464.45
National School Lunch Program	100-010-3350-023	1,910.84	7/1/18-6/30/19	-	-	384.50	-	-	-	-	-	-	-	-	-
Total Enterprise Fund						1,841.52	(1,464.45)	-	-	-	-	(7.43)	-	-	1,464.45
Total State Financial Assistance						\$ (79,349.67)	\$ (3,671,189.86)	\$ -	\$ (3,215.00)	\$ -	\$ -	\$ (150,618.86)	\$ 1,635.00	\$ 156,539.00	\$ 3,671,189.86
State Financial Assistance Programs not Subject to Calculation for Major Program Determination:															
TPAF - Post Retirement	495-034-5094-001	\$ 349,896.00	7/1/19-6/30/20	-	-	\$ -	\$ 349,896.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical (Noncash Assistance)															
TPAF - Pension	495-034-5094-002	943,162.00	7/1/19-6/30/20	-	-	-	943,162.00	-	-	-	-	-	-	-	-
Contributions (Noncash Assistance)															
TPAF - Long-Term Disability	495-034-5094-004	1,209.00	7/1/19-6/30/20	-	-	-	1,209.00	-	-	-	-	-	-	-	-
Insurance (Noncash Assistance)															
Total State Financial Assistance Subject to Calculation for Major Program Determination															
															\$ (2,376,922.86)

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2020**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Milltown Public School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

**MILLTOWN SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2020 (Continued)**

**Note 3. Relationship to Basic Financial Statements**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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 revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$10,670.00) for the general fund and \$0.00 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 3,406,672.41	\$ 3,406,672.41
Special Revenue Fund	370,961.00	6,492.00	377,453.00
Debt Service Fund	-	245,891.00	245,891.00
Food Service Fund	41,745.15	1,464.45	43,209.60
Total Awards & Financial Assistance	<u>\$ 412,706.15</u>	<u>\$ 3,660,519.86</u>	<u>\$ 4,073,226.01</u>

**Note 4. 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 5. Federal and State Loans Outstanding**

The Milltown Public School District had no loan balances outstanding at June 30, 2020.

**MILLTOWN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued \_\_\_\_\_ Unmodified \_\_\_\_\_

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ yes       X       no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes       X       none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       X       no

**Federal Awards**

**SECTION IS N/A - NO FEDERAL SINGLE AUDIT**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

**MILLTOWN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Section I - Summary of Auditor's Results (Continued)**

**State Financial Assistance**

Dollar threshold used to determine Type A programs \$ 750,000.00

Auditee qualified as low-risk auditee?  X  yes   no

Internal control over major programs:

1) Material weakness(es) identified?   yes  X  no

2) Significant deficiency(ies) identified?   yes  X  none reported

Type of auditor's report issued on compliance for major programs  Unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?   yes  X  no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
<u>495-034-5120-089</u>	<u>State Aid Public:</u>
<u>495-034-5120-084</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-078</u>	<u>Security Aid</u>
	<u>Equalization Aid</u>

**MILLTOWN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**MILLTOWN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020 (Continued)**

**Section III - Federal Awards & State Financial Assistance Findings & Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE**

None.



**MILLTOWN SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with Government Auditing Standards, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.