

**MILLBURN TOWNSHIP
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual
Financial Report**

of the

**Millburn Township School District
Board of Education**

Millburn, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

**Millburn Township School District
Board Office**

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INTRODUCTORY SECTION



Millburn Township Schools
434 MILLBURN AVENUE, MILLBURN, NJ 07041

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

October 11, 2010

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

Dear Board Members:

The comprehensive annual financial report of the Millburn Township School District (the "District") for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial statements, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The Millburn Township School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. Millburn Township encompasses Millburn and Short Hills. The Millburn Township School District and all its schools constitute the District's reporting entity.

The Honorable President and Members of
the Board of Education
Millburn Township School District
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The District provides a full range of educational services appropriate to grade levels PreK through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2009-2010 fiscal year with an average daily enrollment of 4,818.3 students which is 47.7 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2009-2010	4,818	1.01%
2008-2009	4,770	2.16%
2007-2008	4,669	1.88%
2006-2007	4,583	0.22%
2005-2006	4,573	3.44%

2) ECONOMIC CONDITION AND OUTLOOK: The Township's cash surplus at December 31, 2009 amounted to \$11,123,168. A systematic and active investment program has been followed; income earned from investments of the Township's surplus cash amounted to \$127,797 in 2009. The current tax rate is \$1.79 per one hundred dollars of assessed valuation and is one of the lowest of Essex County's twenty-two municipalities.

The Township is composed of two areas, the older area comprising the so-called center (Millburn) and the adjoining residential sections. To the north and west lies Short Hills with its own post office and railroad station, but still an integral part of the Township and comprising one of the finest residential areas in the nation. It is also home of one of the nation's premier shopping areas, The Mall at Short Hills.

The residential marketability is enhanced by the nationally recognized excellence of the Township's Public Schools and by the New Jersey Transit Direct Midtown rail line to Manhattan.

The Downtown area of Millburn is 96% occupied. The Downtown Millburn Development Alliance is an independent, non-profit corporation that has been very active in attracting new businesses and promoting existing areas. The organization sponsors special events including the Farmers Market and Country Fair. Some 770 businesses and 300 doctors, lawyers, and dentists are located in the Township.

3) MAJOR INITIATIVES: Board of Education Goals for FY 2009-2010

1. Establish a search process to identify and hire a new Superintendent of schools before June 30, 2010.
2. Identify objective, quantifiable measures by which to hold the administration accountable to complete a task to fruition.
3. Evaluate and make recommendations for modification of the technology department as well as Board by-laws and have recommendations for each available for review at the Board's October retreat.
4. Continue to improve relations with staff and community.
5. Attend mandatory training and participate in other NJSBA relevant training.

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

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by 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 canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

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

7) DEBT ADMINISTRATION:

At June 30, 2010, the District has \$50,389,000 of outstanding bonded debt.

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

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

The Honorable President and Members of
the Board of Education
Millburn Township School District
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October 11, 2010

10) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



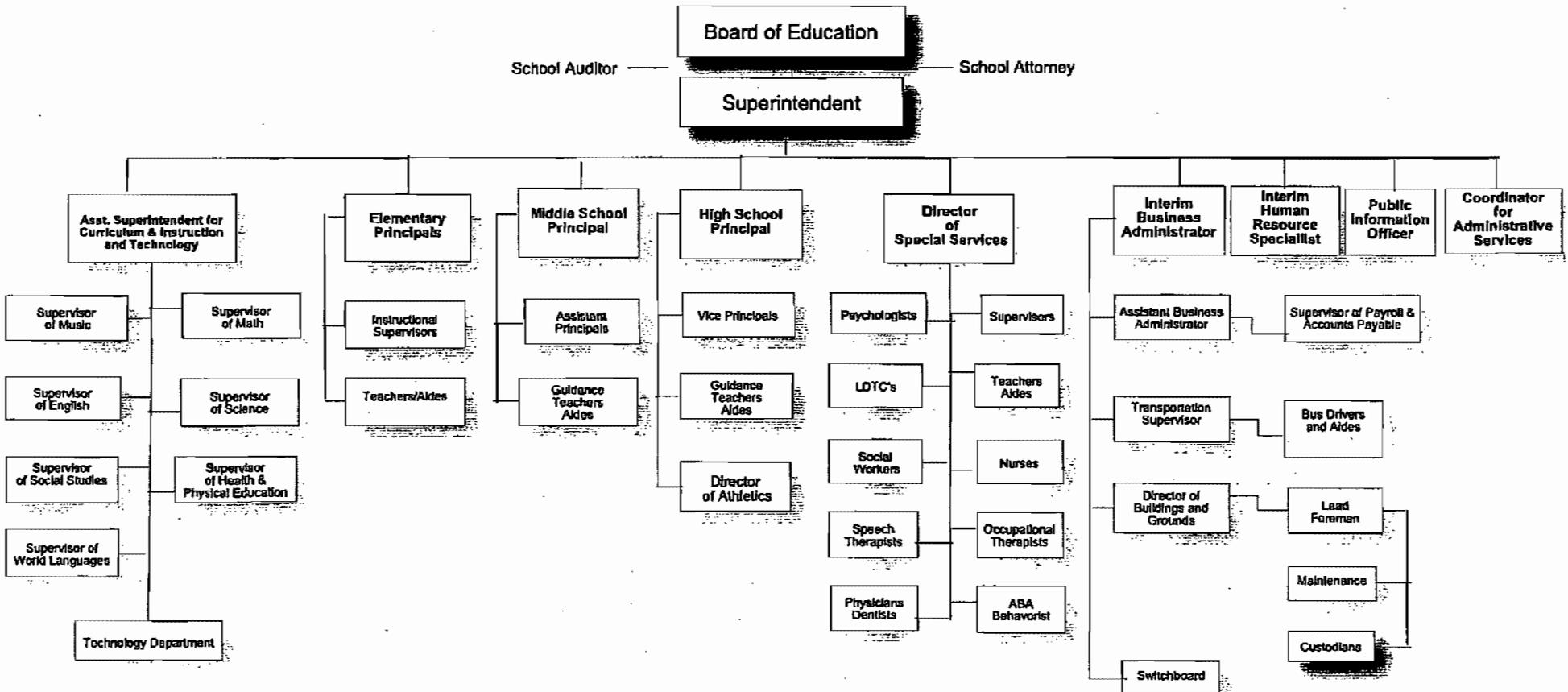
Dr. James A. Crisfield
Superintendent of Schools



J. Steven DiGeronimo
Business Administrator/Board Secretary

Millburn Township Schools

Organizational Chart 2009-2010



**MILLBURN TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2010**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Birnberg, President	2013
Jeffrey Waters, Vice-President	2011
Lise P. Chapman	2013
Debra Fox	2011
Scott A. Kamber	2011
Samuel D. Levy	2012
Eric S. Siegel	2012
Rona Wenik	2013
Mark J. Zucker	2012

Other OfficersTitle

Dr. Richard L. Brodow	Superintendent of Schools
Elaine Vislocky	Assistant Superintendent for Curriculum & Instruction and Technology Integration
Patricia A. Balko	Interim Business Administrator/Board Secretary (6/1/09 to 9/15/09)
Robert L. Zeglarski	Interim Business Administrator/Board Secretary (from 9/15/09)
Cheryl Nardino	Treasurer
Rod Hara, Esq.	School Board Attorney
Paul Barger, Esq.	Special Education Attorney
Anthony P. Sciarrillo, Esq.	Labor Attorney

MILLBURN TOWNSHIP BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

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Westfield, NJ 07091

Official Depositories

Wachovia
379 Millburn Avenue
Millburn, NJ 07041

Bank of America
1125 Route 22 West
Bridgewater, NJ 08807

Municipal Investors Service Corp. (MBIA)
120 Wood Avenue, Suite 300
Iselin, NJ 08830

New Jersey Asset & Rebate Management Program
821 Alexander Road, Suite 110
Princeton, NJ 08540

FINANCIAL SECTION

Mount Arlington Corporate Center
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Fax: 973-328-0507

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Phone: 973-383-6699
Fax: 973-383-6555

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Millburn Township School District (the "District") in the County of Essex as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit. The basic financial statements of the Millburn Township School District as of June 30, 2009 were audited by another auditor whose report dated September 11, 2009 expressed an unqualified opinion on those statements.

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

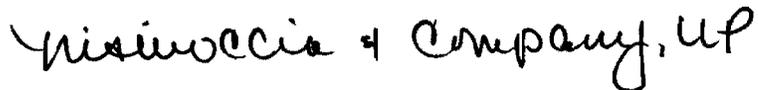
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Millburn Township School District in the County of Essex as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2010 on our consideration of the Board of Education of the Millburn Township 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

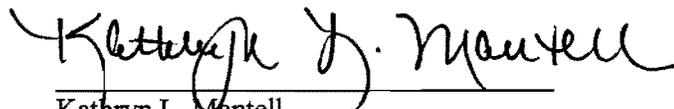
The Management's Discussion and Analysis and Budgetary Comparison Information listed on Exhibits C-1 to C-3 and I-2 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Millburn Township School District's basic financial statements. The accompanying introductory section, supplementary schedules such as the combining and individual fund financial statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



NISIVOCCIA & COMPANY LLP

October 11, 2010
Mount Arlington, New Jersey



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

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Unaudited)**

This section of Millburn Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status is stable, despite State Aid cuts in fiscal years 2009-2010 and 2010-2011.
- Overall revenue was \$85,108,794 during the fiscal year.
- Overall expenses were \$84,770,562 during the fiscal year.
- Enrollment in the District has increased approximately 1.01%.

Overview of the Financial Statements

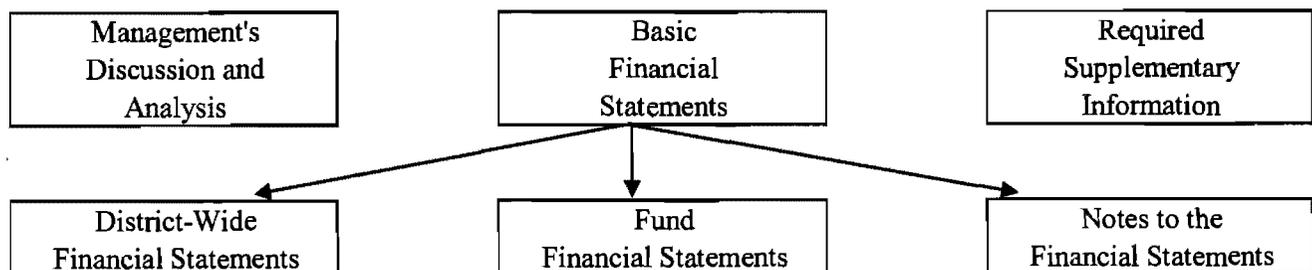
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

Figure A-1

Organization of the School District's Financial Report



**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Unaudited)**

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Unaudited)**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Unaudited)**

Fund Financial Statements

- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to Financial Statements*: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets increased by \$326,094. Net assets from governmental activities increased by \$321,840 and net assets from business-type activities increased by \$4,254. Net assets invested in capital assets increased by \$2,636,642, restricted net assets decreased by \$3,202,933, and unrestricted net assets increased by \$892,385.

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

	Government Activities		Business-Type Activities		Total School District		Percentage
	2009/10	2008/09*	2009/10	2008/09*	2009/10	2008/09*	Change 2009/10
Current and							
Other Assets	\$ 15,240,956	\$ 16,457,284	\$ 310,601	\$ 295,594	\$ 15,551,557	\$ 16,752,878	-7.17%
Capital Assets	50,026,125	50,387,143	46,687	69,027	50,072,812	50,456,170	-0.76%
Total Assets	<u>65,267,081</u>	<u>66,844,427</u>	<u>357,288</u>	<u>364,621</u>	<u>65,624,369</u>	<u>67,209,048</u>	-2.36%
Long-Term Debt							
Outstanding	51,803,355	54,737,006			51,803,355	54,737,006	-5.36%
Other Liabilities	1,629,215	2,116,781	46,944	58,531	1,676,159	2,175,312	-22.95%
Total Liabilities	<u>53,432,570</u>	<u>56,853,787</u>	<u>46,944</u>	<u>58,531</u>	<u>53,479,514</u>	<u>56,912,318</u>	6.42%
Net Assets:							
Invested (Deficit) in Capital Assets, Net of Related Debt	(362,875)	(3,021,857)	46,687	69,027	(316,188)	(2,952,830)	-89.29%
Restricted	11,590,387	14,793,320			11,590,387	14,793,320	-21.65%
Unrestricted/(Deficit)	<u>606,999</u>	<u>(258,792)</u>	<u>263,657</u>	<u>237,063</u>	<u>870,656</u>	<u>(21,729)</u>	4106.88%
Total Net Assets	<u>\$ 11,834,511</u>	<u>\$ 11,512,671</u>	<u>\$ 310,344</u>	<u>\$ 306,090</u>	<u>\$ 12,144,855</u>	<u>\$ 11,818,761</u>	2.76%

* Restated

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Unaudited)**

Changes in Net Assets. The District's combined net assets were \$12,144,855 on June 30, 2010, an increase of \$326,094 or 2.76% over the previous year. (See Figure A-3). Net Assets Invested in Capital Assets increased primarily due to the maturity of \$3,020,000 of serial bonds payable and \$1,402,666 in capital assets additions offset by \$81,918 of capital asset disposals and \$1,704,106 in depreciation expense. Restricted net assets decreased by \$3,202,933 primarily due to a \$2,234,584 reduction in Capital Projects Fund balances as a result of further progress in construction expenditures and transfers to other funds and a \$1,914,449 reduction in prior year and current year excess surplus (above State mandated amounts). These reductions were offset by increases of \$272,550 in General Fund encumbrances, \$304,102 in the Capital Reserve account, and \$371,888 in the Debt Service Fund balance. Unrestricted net assets increased by \$892,385 primarily due to an excess of \$443,864 in local revenue above projected amounts and \$2,908,136 in unexpended budget appropriations offset by a \$559,411 reduction in projected State Aid, \$443,816 reduction in prior year excess surplus, and the reservation of \$1,125,859 as current year excess surplus.

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities <u>2009/10</u>	Business- Type Activities <u>2009/10</u>	Governmental Activities <u>2008/09</u>	Business- Type Activities <u>2008/09</u>	Total School District <u>2009/10</u>	Total School District <u>2008/09</u>	Percentage Change <u>2009/10</u>
Revenue:							
Program Revenue:							
Charges for Services		\$595,098		\$684,886	\$ 595,098	\$ 684,886	-13.11%
Operating Grants and Contributions	\$ 9,849,638	8,278	\$ 10,669,612		9,857,916	10,669,612	-7.61%
General Revenue:							
Property Taxes	73,699,288		72,202,849		73,699,288	72,202,849	2.07%
State and Federal Aid	537,235		129,153		537,235	129,153	315.97%
Tuition Charges	305,093		169,993		305,093	169,993	79.47%
Other	114,073	91	1,177,887	25,247	114,164	1,203,134	-90.51%
Total Revenue	<u>84,505,327</u>	<u>603,467</u>	<u>84,349,494</u>	<u>710,133</u>	<u>85,108,794</u>	<u>85,059,627</u>	<u>0.06%</u>
Expenses:							
Instruction	48,789,287		46,118,048		48,789,287	46,118,048	5.79%
Pupil & Instruction Services	16,051,232		16,035,168		16,051,232	16,035,168	0.10%
Administrative & Business	6,933,246		6,822,871		6,933,246	6,822,871	1.62%
Maintenance & Operations	7,172,703		7,426,762		7,172,703	7,426,762	-3.42%
Transportation	2,944,693		2,924,577		2,944,693	2,924,577	0.69%
Capital Outlay	90,302				90,302		100.00%
Other	2,202,024	587,075	2,355,693	719,082	2,789,099	3,074,775	-9.29%
Total Expenses	<u>84,183,487</u>	<u>587,075</u>	<u>81,683,119</u>	<u>719,082</u>	<u>84,770,562</u>	<u>82,402,201</u>	<u>2.87%</u>
Disposal of Capital Assets		(12,138)			(12,138)		
Increase/(Decrease) in Net Assets	<u>\$ 321,840</u>	<u>\$ 4,254</u>	<u>\$ 2,666,375</u>	<u>\$ (8,949)</u>	<u>\$ 326,094</u>	<u>\$ 2,657,426</u>	<u>-87.73%</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Unaudited)**

Revenue Sources. The District's total revenue for the 2009/10 school year was \$85,108,794. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$73,699,288 of the total, or 86.59 percent. (See Figure A-5). Another 12.21 percent came from state and federal aid and the remainder from tuition, miscellaneous sources and charges for services.

**Figure A-5
Sources of Revenue for Fiscal Year 2010**

	Amount	Percentage
Sources of Income:		
Grants and Contributions	\$ 9,857,916	11.58%
Property Taxes	73,699,288	86.59%
Unrestricted Federal and State Aid	537,235	0.63%
Charges for Services	595,098	0.70%
Tuition	305,093	0.36%
Other	114,164	0.13%
	\$ 85,108,794	100.00%

The total cost of all programs and services was \$84,770,562. The District's expenses are predominantly related to Instructing and providing Pupil Services (76.48 percent) which increased from 75.43 percent in 2008-2009. (See Figure A-6). Other significant cost areas include Administrative and Business activities (8.17 percent) and Maintenance and Operations (8.46 percent). The District operates seven schools, an education center/administration building and a maintenance building. Costs for Administration, Maintenance and Transportation decreased as a percentage of total expenses compared to fiscal year 2008-2009. It is important to note that expenses for the year include \$1,704,106 of depreciation expense attributable to its governmental and business-type activities.

**Figure A-6
Expenses for Fiscal Year 2010**

	Amount	Percentage
Expense Category:		
Instruction	\$ 48,789,287	57.55%
Pupil and Instruction Services	16,051,232	18.93%
Administrative and Business	6,933,246	8.17%
Maintenance and Operations	7,172,703	8.46%
Transportation	2,944,693	3.47%
Capital Outlay	90,302	0.11%
Other	2,789,099	3.29%
	\$ 84,770,562	100.00%

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Unaudited)**

Governmental Activities

The financial position of the District remains stable. Maintaining existing programs while experiencing an increase in enrollment, combined with rising salary and benefits costs, places great demands on the District's resources.

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

- Participation in a cooperative purchasing program for district supplies.
- Shared service agreements with other public entities for busing services for special education students, athletics and field trips.
- Membership in purchasing cooperatives for purchases of energy and various types of insurance.
- Participation with the Township of Millburn in a Joint Facilities Committee for the maintenance of township and board owned athletic fields.
- The use of state contracts.

The District will continue to examine its expenditures carefully as resources are impacted by State Aid cuts and pressure to reduce taxes. Demands for salary increases, small class sizes, and program maintenance and/or expansion will be evaluated thoroughly as the District prepares its budget for FY 2011-2012.

Figure A-7 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, capital outlay and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009/10	2009/10	2008/09	2008/09
Instruction	\$ 48,789,287	\$ 41,298,277	\$ 45,811,250	\$ 39,791,195
Pupil and Instruction Services	16,051,232	14,270,024	16,035,168	12,212,883
Administrative and Business	6,933,246	6,748,485	6,822,871	6,742,121
Maintenance and Operations	7,172,703	7,172,703	7,426,762	7,426,762
Transportation	2,944,693	2,552,034	2,924,577	2,500,777
Capital Outlay	90,302	90,302		
Other	2,202,024	2,202,024	2,355,693	
	<u>\$ 84,183,487</u>	<u>\$ 74,333,849</u>	<u>\$ 81,376,321</u>	<u>\$ 68,673,738</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Unaudited)**

Business-Type Activities

Net assets from the District's business-type activity increased by \$4,254. (Refer to Figure A-4).

- The increase in net assets was due primarily to District's participation in the federal and lunch reimbursement program beginning in fiscal year 2010.

Financial Analysis of the District's Funds

The District's financial position remains relatively stable despite difficult economic times. The weak economy and State budget problems have had a direct impact upon the District's revenue sources. Interest earnings on investments decreased significantly from previous years. Categorical State Aid for FY 2009-2010 was cut by \$1,049,356 midway through the year and has been eliminated for FY 2010-2011.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District will continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are due to:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change 2009/10
	2009/10	2008/09*	2009/10	2008/09*	2009/10	2008/09*	
Sites and Site Improvements	\$ 2,879,555	\$ 2,914,072			\$ 2,879,555	\$ 2,914,072	-1.18%
Buildings & Building Improvements	46,000,318	45,903,012			46,000,318	45,903,012	0.21%
Machinery and Equipment	<u>1,146,252</u>	<u>1,570,059</u>	<u>\$ 46,687</u>	<u>\$ 69,027</u>	<u>1,192,939</u>	<u>1,639,086</u>	-27.22%
Total Capital Assets	<u>\$50,026,125</u>	<u>\$50,387,143</u>	<u>\$ 46,687</u>	<u>\$ 69,027</u>	<u>\$50,072,812</u>	<u>\$50,456,170</u>	-0.76%

* Restated

During the fiscal year, the District acquired or constructed \$1,402,666 in capital asset additions, recorded \$81,918 in capital asset disposals (\$69,780 from its governmental activities and \$12,138 from its business-type activities), and accrued \$1,704,106 in depreciation (\$1,693,904 its governmental activities and \$10,202 from its business-type activities).

**MILLBURN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Unaudited)**

Long-term Debt

At year-end, the District had \$50,389,000 in general obligation bonds outstanding – a decrease of \$3,020,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

Outstanding Long-Term Debt

	Total School District		Percentage
	2009/10	2008/09	Change 2009/10
General Obligation Bonds (Financed with Property Taxes)	\$ 50,389,000	\$ 53,409,000	-5.65%
Other Long-Term Debt	1,414,355	1,328,006	6.50%
	<u>\$ 51,803,355</u>	<u>\$ 54,737,006</u>	-5.36%

The District continued to pay down its bonded debt, retiring \$3,020,000 of outstanding bonds and accruing an additional \$86,349 in compensated absences during the fiscal year.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- As enrollment decreases at the elementary and middle schools and the percentage of received students at the high school increases, resource allocation will need special attention.
- There are several staff members with many years of service in education. It is reasonable to expect some changes in the future. Those changes should be viewed as an opportunity to review resource allocation and structure.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 434 Millburn Avenue, Millburn, New Jersey 07041.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,453,229	\$ 306,990	\$ 10,760,219
Receivables from State Government	1,306,741	46	1,306,787
Receivables from Federal Government	168,228	488	168,716
Receivables from Other Governments	29,485		29,485
Inventories		3,077	3,077
Prepaid Expenses	1,650,000		1,650,000
Restricted Assets:			
Capital Reserve Account - Cash	1,633,273		1,633,273
Capital Assets, Net:			
Sites (Land) and Construction in Progress	109,045		109,045
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	49,917,080	46,687	49,963,767
Total Assets	65,267,081	357,288	65,624,369
LIABILITIES			
Current Liabilities:			
Accounts Payable	607,527	46,917	654,444
Accrued Interest Payable	926,955		926,955
Payable to State Government	44,559		44,559
Payable to Federal Government	1,287		1,287
Deferred Revenue	48,887	27	48,914
Noncurrent Liabilities:			
Due Within One Year	3,065,000		3,065,000
Due Beyond One Year	48,738,355		48,738,355
Total Liabilities	53,432,570	46,944	53,479,514
NET ASSETS			
Invested (Deficit) in Capital Assets, Net of Related Debt	(362,875)	46,687	(316,188)
Restricted for:			
Capital Projects	3,927,428		3,927,428
Debt Service	768,781		768,781
Other Purposes	6,894,178		6,894,178
Unrestricted	606,999	263,657	870,656
Total Net Assets	\$ 11,834,511	\$ 310,344	\$ 12,144,855

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 39,152,259		\$ 3,719,323	\$ (35,432,936)		\$ (35,432,936)
Special Education	6,664,958		3,608,662	(3,056,296)		(3,056,296)
Other Special Instruction	1,076,746			(1,076,746)		(1,076,746)
Other Instruction	1,895,324		163,025	(1,732,299)		(1,732,299)
Support Services:						
Tuition	1,914,671		331,713	(1,582,958)		(1,582,958)
Student and Instruction Related Services	14,136,561		1,449,495	(12,687,066)		(12,687,066)
General Administrative Services	1,148,162		10,868	(1,137,294)		(1,137,294)
School Administrative Services	3,808,743		141,288	(3,667,455)		(3,667,455)
Central Services	1,330,633		32,605	(1,298,028)		(1,298,028)
Administrative Information Technology	645,708			(645,708)		(645,708)
Plant Operations and Maintenance	7,172,703			(7,172,703)		(7,172,703)
Pupil Transportation	2,944,693		392,659	(2,552,034)		(2,552,034)
Interest on Long-Term Debt	2,202,024			(2,202,024)		(2,202,024)
Capital Outlay	90,302			(90,302)		(90,302)
Total Governmental Activities	84,183,487		9,849,638	(74,333,849)		(74,333,849)
Business-Type Activities:						
Field Rental/Joint Facilities	25,960	\$ 28,601			\$ 2,641	2,641
Food Service Fund	561,115	566,497	8,278		13,660	13,660
Total Business-Type Activities	587,075	595,098	8,278		16,301	16,301

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Total Primary Government	<u>\$ 84,770,562</u>	<u>\$ 595,098</u>	<u>\$ 9,857,916</u>	\$ (74,333,849)	\$ 16,301	\$ (74,317,548)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				69,105,645		69,105,645
Taxes Levied for Debt Service				4,593,643		4,593,643
Federal, State and Local Aid not Restricted				537,235		537,235
Tuition				305,093		305,093
Interest Earnings				49,386	\$ 91	49,477
Miscellaneous Income				201,503		201,503
Disposal of Capital Assets					(12,138)	(12,138)
Cancellation of SDA Grant Receivable				(136,816)		(136,816)
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>74,655,689</u>	<u>(12,047)</u>	<u>74,643,642</u>
Change in Net Assets				321,840	4,254	326,094
Net Assets - Beginning (As Restated)				<u>11,512,671</u>	<u>306,090</u>	<u>11,818,761</u>
Net Assets - Ending				<u>\$ 11,834,511</u>	<u>\$ 310,344</u>	<u>\$ 12,144,855</u>

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

FUND FINANCIAL STATEMENTS

MILLBURN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 7,572,551		\$ 2,120,785	\$ 759,893	\$ 10,453,229
Interfund Receivable	19,945			8,888	28,833
Receivables From State Government	1,103,684		203,057		1,306,741
Receivables From Federal Government	7,894	\$ 160,334			168,228
Receivables From Other Governments	29,485				29,485
Restricted Cash and Cash Equivalents	1,633,273				1,633,273
Prepaid Expenses	1,650,000				1,650,000
Total Assets	\$ 12,016,832	\$ 160,334	\$ 2,323,842	\$ 768,781	\$ 15,269,789
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 19,146	\$ 9,687		\$ 28,833
Accounts Payable	\$ 541,072	46,455	20,000		607,527
Payable to Federal Government		1,287			1,287
Payable to State Government		44,559			44,559
Deferred Revenue		48,887			48,887
Total Liabilities	541,072	160,334	29,687		731,093
Fund Balances:					
Reserved for:					
Encumbrances	529,672		14,000		543,672
Capital Reserve Account	1,633,273				1,633,273
Emergency Reserve	700,000				700,000
Excess Surplus	2,778,418				2,778,418
Excess Surplus - Designated for Subsequent Year's Expenditures	2,886,088				2,886,088

MILLBURN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Unreserved, Reported in:					
General Fund:					
Undesignated	\$ 1,746,535				\$ 1,746,535
Designated for Subsequent Year's Expenditures	1,201,774				1,201,774
Capital Projects Fund			\$ 2,280,155		2,280,155
Debt Service Fund:					
Undesignated				\$ 3,939	3,939
Designated for Subsequent Year's Expenditures				764,842	764,842
Total Fund Balances	<u>11,475,760</u>		<u>2,294,155</u>	<u>768,781</u>	<u>14,538,696</u>
Total Liabilities and Fund Balances	<u>\$ 12,016,832</u>	<u>\$ 160,334</u>	<u>\$ 2,323,842</u>	<u>\$ 768,781</u>	

Amounts reported for *Governmental Activities* in the Statement of Net Assets (Exhibit 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 \$78,200,333 and the accumulated depreciation is \$28,174,208.	50,026,125
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(926,955)
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	<u>(51,803,355)</u>
Net Assets of Governmental Activities (Exhibit A-1)	<u><u>\$ 11,834,511</u></u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 69,105,645			\$ 4,593,643	\$ 73,699,288
Tuition	305,093				305,093
Interest Earned on Capital Reserve Funds	3,490				3,490
Miscellaneous	240,281	\$ 60,805	\$ 7,118		308,204
Total - Local Sources	69,654,509	60,805	7,118	4,593,643	74,316,075
State Sources	8,346,450	166,895		316,450	8,829,795
Federal Sources		1,496,273			1,496,273
Total Revenues	78,000,959	1,723,973	7,118	4,910,093	84,642,143
EXPENDITURES:					
Current:					
Regular Instruction	27,696,591	132,776			27,829,367
Special Education Instruction	4,197,514	668,587			4,866,101
Other Special Instruction	1,080,027				1,080,027
School-Sponsored/Other Instruction	1,386,685				1,386,685
Support Services and Undistributed Costs:					
Tuition	1,582,958	331,713			1,914,671
Student and Other Instruction Related Services	9,602,312	590,897			10,193,209
General Administrative Services	978,546				978,546
School Administrative Services	2,866,129				2,866,129
Central Services	801,433				801,433
Administrative Information Technology	645,708				645,708
Plant Operations and Maintenance	5,734,554				5,734,554
Student Transportation	2,504,917				2,504,917
Unallocated Benefits	19,309,561				19,309,561

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:					
Capital Outlay	\$ 268,882		\$ 1,154,306		\$ 1,423,188
Debt Service:					
Principal				\$ 3,020,000	3,020,000
Interest and Other Charges				2,277,093	2,277,093
Total Expenditures	<u>78,655,817</u>	<u>\$ 1,723,973</u>	<u>1,154,306</u>	<u>5,297,093</u>	<u>86,831,189</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(654,858)		(1,147,188)	(387,000)	(2,189,046)
Other Financing Sources/(Uses):					
Transfers	189,131		(946,249)	757,118	
Cancellation of SDA Grant Receivable			(136,816)		(136,816)
Total Other Financing Sources/(Uses)	<u>189,131</u>		<u>(1,083,065)</u>	<u>757,118</u>	<u>(136,816)</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(465,727)		(2,230,253)	370,118	(2,325,862)
Fund Balance - July 1 (As Restated)	<u>11,941,487</u>		<u>4,524,408</u>	<u>398,663</u>	<u>16,864,558</u>
Fund Balance - June 30	<u>\$ 11,475,760</u>	<u>\$ -0-</u>	<u>\$ 2,294,155</u>	<u>\$ 768,781</u>	<u>\$ 14,538,696</u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (2,325,862)

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

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

Depreciation Expense	\$ (1,693,904)	
Disposal of Capital Assets, Net of Accumulated Depreciation	(69,780)	
Capital Outlays	<u>1,402,666</u>	
		(361,018)

In the Statement of Activities, interest on Long-Term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

75,069

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

3,020,000

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

(86,349)

Change in Net Assets of Governmental Activities

\$ 321,840

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 306,990
Intergovernmental Accounts Receivable:	
State	46
Federal	488
Inventories	3,077
	310,601
Total Current Assets	310,601
Non-Current Assets:	
Capital Assets	225,942
Less: Accumulated Depreciation	(179,255)
	46,687
Total Non-Current Assets	46,687
Total Assets	357,288
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	46,917
Deferred Revenue	27
	46,944
Total Current Liabilities	46,944
<u>NET ASSETS:</u>	
Investment in Capital Assets Net of Related Debt	46,687
Unrestricted	263,657
	310,344
Total Net Assets	\$ 310,344

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 26,604
Daily Sales - Non-Reimbursable Programs	474,756
Program Fees	28,601
Special Events	52,909
Miscellaneous Revenue	12,228
Total Operating Revenue	<u>595,098</u>
Operating Expenses:	
Cost of Sales	184,165
Salaries, Benefits & Payroll Taxes	245,829
Other Purchased Services	93,095
Cleaning, Repair and Maintenance Services	25,960
Supplies, Insurance & Other Costs	27,824
Depreciation Expense	10,202
Total Operating Expenses	<u>587,075</u>
Operating Income	8,023
Non-Operating Income:	
Local Sources:	
Interest Income	91
State Sources:	
State School Lunch Program	564
Federal Sources:	
National School Lunch Program	7,673
Food Distribution Program	41
Total Non-Operating Income	<u>8,369</u>
Change in Net Assets Before Disposal of Capital Assets	16,392
Disposal of Capital Assets	<u>(12,138)</u>
Change in Net Assets	4,254
Net Assets - Beginning of Year (As Restated)	<u>306,090</u>
Net Assets - End of Year	<u>\$ 310,344</u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 601,176
Payments for Salaries, Payroll Taxes and Benefits	(245,829)
Payments for Supplies, Food and Miscellaneous Purchases	(339,274)
Net Cash Provided by Operating Activities	16,073
Cash Flows from Investing Activities:	
Interest Income	91
Net Cash Provided by Investing Activities	91
Cash Flows from Noncapital & Financing Activities:	
State Sources	518
Federal Sources	7,185
Net Cash Provided by Noncapital & Financing Activities	7,703
Net Increase in Cash and Cash Equivalents	23,867
Cash and Cash Equivalents, July 1	283,123
Cash and Cash Equivalents, June 30	\$ 306,990
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 8,023
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	10,202
Food Distribution Program	41
Changes in Assets and Liabilities:	
(Increase)/Decrease in Other Accounts Receivable	6,078
(Increase)/Decrease in Inventory	3,316
Increase/(Decrease) in Accounts Payable	(11,614)
Increase/(Decrease) in Deferred Revenue	27
Net Cash Provided by Operating Activities	\$ 16,073

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$68 and utilized U.S.D.A. Commodities valued at \$41.

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 750,956	\$ 707,664	\$ 84,055	\$ 8,556
Total Assets	<u>750,956</u>	<u>707,664</u>	<u>84,055</u>	<u>8,556</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	449,739			
Due to Student Groups	<u>301,217</u>			
Total Liabilities	<u>750,956</u>			
<u>NET ASSETS:</u>				
Held in Trust for:				
Unemployment Claims		707,664		
Flex Spending Claims			84,055	
Scholarships				<u>8,556</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 707,664</u>	<u>\$ 84,055</u>	<u>\$ 8,556</u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust	Flex Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 66,230	\$ 230,654	
Board Contribution	500,000		
Donations			\$ 575
Total Contributions	<u>566,230</u>	<u>230,654</u>	<u>575</u>
Investment Earnings:			
Interest			6
Net Investment Earnings			<u>6</u>
Total Additions	<u>566,230</u>	<u>230,654</u>	<u>581</u>
DEDUCTIONS:			
Unemployment Benefit Claims	157,398		
Flex Spending Claims		198,312	
Scholarships Awarded			290
Bank Service Charges			55
Total Deductions	<u>157,398</u>	<u>198,312</u>	<u>345</u>
Change in Net Assets	408,832	32,342	230
Net Assets - Beginning of the Year	<u>298,832</u>	<u>51,713</u>	<u>8,320</u>
Net Assets - End of the Year	<u>\$ 707,664</u>	<u>\$ 84,055</u>	<u>\$ 8,550</u>

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Millburn Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include five elementary schools, a middle school and a high school located in the Township of Millburn. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable 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 subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's Food Service, Family Science, and Field Rental/Joint Facilities programs. The Food Service, Family Science, and Field Rental/Joint Facilities programs are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students and community on a continuing basis are financed or recovered primarily through user charges.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

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

B. Basis of Presentation (Cont'd)

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities, Payroll Agency, Unemployment Compensation Trust, Flexible Spending Trust and Private Purpose Scholarship Trust.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the Governmental Funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

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

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

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 77,941,120	\$ 1,723,973
Differences - Budget to GAAP:		
Prior Year State Aid Payment Recognized for GAAP Statements	268,769	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(208,930)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 78,000,959</u>	<u>\$ 1,723,973</u>

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 78,655,817</u>	<u>\$ 1,723,973</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 78,655,817</u>	<u>\$ 1,723,973</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A 17:9-41 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 depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

H. Encumbrances: (Cont'd)

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the Fund financial statements, fixed assets used in Governmental fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Fixed assets are not capitalized and the related depreciation is not reported in the Fund financial statements.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

L. Long Term Liabilities:

In the District-wide and Enterprise Fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable Government activities, Business-type activities, or Enterprise Funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the Fund financial statements, Governmental fund types recognize bond issuance costs as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2010.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's various employee contracts/agreements.

In the district-wide *Statement of Net Assets*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

P. Fund Balance Appropriated:

General Fund: Of the \$11,475,760 General Fund balance at June 30, 2010, \$529,672 is reserved for encumbrances; \$1,633,273 is reserved in the capital reserve account; \$700,000 has been legally reserved as emergency reserve; \$2,886,088 is reserved as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011; \$2,778,418 is reserved for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2012; \$1,201,774 is unreserved and included as anticipated revenue for the fiscal year ending June 30, 2011; and \$1,746,535 is unreserved and undesignated which is \$208,930 less on the GAAP basis than the calculated maximum unreserved fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2011.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Capital Projects Fund: Of the \$2,294,155 in Capital Projects Fund balance at June 30, 2010, \$14,000 is reserved for encumbrances and \$2,280,155 is unreserved and undesignated.

Debt Service Fund: Of the \$768,781 Debt Service Fund balance at June 30, 2010, \$764,842 is unreserved-designated for subsequent year's expenditures; and \$3,939 is unreserved and undesignated.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus as outlined above.

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$208,930 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record the June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Fund Balances/Net Assets:

The District has a deficit in net assets invested in capital assets, net of related debt of \$362,875 in governmental activities, which is due to the amount of long-term debt outstanding at year end in excess of capitalized assets. This deficit does not indicate the District is in financial difficulties and is permitted practice under generally accepted accounting principles.

R. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are 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. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

S. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, an emergency reserve, a capital reserve and excess surplus as defined by State law.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. These revenues are sales for Food Service, and program fees for Family Science and Field Rental/Joint Facilities. Operating expenses are necessary costs incurred to provide these services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

Investments: (Cont'd)

- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	Capital Reserve Account	Cash and Cash Equivalents	Total
Checking/Money Market Accounts		\$ 10,096,959	\$ 10,096,959
NJ ARM	\$ 1,633,273	96,722	1,729,995
MBIA		2,117,769	2,117,769
	\$ 1,633,273	\$ 12,311,450	\$ 13,944,723

During the period ended June 30, 2010, the District did not hold any investments other than certificate of deposits. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2010, was \$13,944,723 and the bank balance was \$16,692,980. The \$1,729,995 in NJ ARM and \$2,117,769 in the Municipal Bond Investors Service Corporation (MBIA) are uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2009	\$ 1,329,171
Add:	
Interest Earnings	3,490
Return of Unexpended Balance from Capital Outlay	111,481
Return of Unexpended Balance from Capital Projects Fund	189,131
	<u>189,131</u>
Ending Balance, June 30, 2010	\$ <u>1,633,273</u>

The balance in the capital reserve account at June 30, 2010 does not exceed the local support costs of uncompleted capital projects in its approved LRF.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 109,045			\$ 109,045
Total Capital Assets Not Being Depreciated	<u>109,045</u>			<u>109,045</u>
Capital Assets Being Depreciated:				
Site Improvements	3,726,630	\$ 142,181		3,868,811
Buildings and Building Improvements	67,925,234	1,195,211		69,120,445
Machinery and Equipment	5,831,348	65,274	\$ (794,590)	5,102,032
Total Capital Assets Being Depreciated	<u>77,483,212</u>	<u>1,402,666</u>	<u>(794,590)</u>	<u>78,091,288</u>
Governmental Activities Capital Assets	<u>77,592,257</u>	<u>1,402,666</u>	<u>(794,590)</u>	<u>78,200,333</u>
Less Accumulated Depreciation for:				
Site Improvements	(921,603)	(176,698)		(1,098,301)
Buildings and Building Improvements	(22,022,222)	(1,097,905)		(23,120,127)
Machinery and Equipment	(4,261,289)	(419,301)	724,810	(3,955,780)
	<u>(27,205,114)</u>	<u>(1,693,904)</u>	<u>724,810</u>	<u>(28,174,208)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$50,387,143</u>	<u>\$ (291,238)</u>	<u>\$ (69,780)</u>	<u>\$50,026,125</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 283,060		\$ (57,118)	\$ 225,942
Less: Accumulated Depreciation	(214,033)	\$ (10,202)	44,980	(179,255)
	<u>(214,033)</u>	<u>(10,202)</u>	<u>44,980</u>	<u>(179,255)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 69,027</u>	<u>\$ (10,202)</u>	<u>\$ (12,138)</u>	<u>\$ 46,687</u>

* Restated

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

The District has no active construction projects as of June 30, 2010.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,297,659
Special Education Instruction	185,380
Student and Other Instruction Related Services	30,897
General Administration	48,610
School Administration	30,897
Central Services	16,204
Operations and Maintenance of Plant	47,476
Student Transportation	36,781
	<u>\$ 1,693,904</u>

NOTE 6. OPERATING LEASES

The District has a commitment to lease copying equipment under an operating lease which expires in 2015. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2011	\$ 113,211
June 30, 2012	92,059
June 30, 2013	56,888
June 30, 2014	33,568
June 30, 2015	12,803
Total future minimum lease payments	<u>\$ 308,529</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2009</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2010</u>
Serial Bonds Payable	\$ 53,409,000		\$ 3,020,000	\$ 50,389,000
Compensated Absences Payable	1,328,006	\$ 237,596	151,247	1,414,355
	<u>\$ 54,737,006</u>	<u>\$ 237,596</u>	<u>\$ 3,171,247</u>	<u>\$ 51,803,355</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2010 as follows:

Final Maturity Date	Serial Bonds Interest Rate	Amount
07/15/19	5.350%	\$ 11,499,000
01/15/11	4.600%	575,000
09/15/23	4.000%	9,620,000
01/15/22	3.700%	8,895,000
07/15/27	4.125%-4.250%	19,800,000
		<u>\$ 50,389,000</u>

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

Year Ending June 30,	Bonds		
	Principal	Interest	Total
2011	\$ 3,065,000	\$ 2,136,280	\$ 5,201,280
2012	3,165,000	1,993,518	5,158,518
2013	3,225,000	1,852,170	5,077,170
2014	3,295,000	1,708,443	5,003,443
2015	3,365,000	1,561,582	4,926,582
Thereafter 5 Years (2016-2020)	18,239,000	5,469,962	23,708,962
Thereafter 5 Years (2021-2025)	11,535,000	2,054,887	13,589,887
Thereafter 3 Years (2026-2028)	4,500,000	286,875	4,786,875
	<u>\$ 50,389,000</u>	<u>\$ 17,063,717</u>	<u>\$ 67,452,717</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2010, the Board had no bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the Governmental fund types is recorded in the current and long-term liabilities. There is no current portion, so the entire \$1,414,355 compensated absences balance is recorded in long-term liabilities of the governmental funds and will be liquidated through the General Fund.

There is no liability for vested compensated absences in the Proprietary fund types.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

<u>Three-Year Trend for TPAF (Paid on-behalf of District)</u>			
<u>Year Funding</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$ -0-	100.00%	\$ -0-
2009	-0-	100.00%	-0-
2008	4,375,668	100.00%	4,375,668

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$-0- to the TPAF for normal pension benefits on behalf of the District.

<u>Three-Year Trend for PERS</u>			
<u>Year Funding</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage of</u> <u>APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$ 628,987	100.00%	\$ 628,987
2009	295,803	100.00%	295,803
2008	520,503	80.00%	416,402

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$2,362,237, \$2,292,171 and \$1,798,473 for 2010, 2009 and 2008, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through Oxford Health Insurance.

Property and Liability Insurance

The Millburn Township School District obtains commercial insurance coverage for general liability, property and automobile coverage. The Millburn Township School District is also a member of the Pooled Insurance Program of New Jersey (the "Fund"). This public entity risk management pool provides workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2010 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2009 is as follows:

	<u>Pooled Insurance Program of New Jersey</u>
Total Assets	\$ 18,004,519
Net Assets	\$ 5,033,407
Total Revenue	\$ 7,294,019
Total Expenses	\$ 5,800,018
Change in Net Assets	\$ 1,494,001
Net Assets Distribution to Participating Members	\$ 1,030,793

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ 500,000	\$ -0-	\$ 66,230	\$ 157,398	\$ 707,664
2008-2009	100,000	-0-	64,762	65,455	298,832
2007-2008	20,000	-0-	61,858	31,055	199,525

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 19,945	
Special Revenue Fund		\$ 19,146
Capital Projects Fund		9,687
Debt Service Fund	8,888	
	<u>\$ 28,833</u>	<u>\$ 28,833</u>

The interfund payable in the Capital Projects Fund due to the General Fund of \$9,687 is capital projects expenditures paid by General Fund on behalf of the Capital Projects Fund. The interfund receivable in the Debt Service Fund is prior year and current year interest due from the Capital Projects Fund. The interfund payable in the Special Revenue Fund due to the General Fund is the amount of the cash deficit in the Special Revenue Fund while awaiting grant reimbursements from grantors.

During the fiscal year, the Capital Projects Fund transferred \$189,131 to the General Fund which represented the unexpended balance of capital projects that were funded from the Capital Reserve account and transferred \$757,118 to the Debt Service Fund which represented interest earnings of \$7,118 and unexpended bond proceeds of \$750,000.

NOTE 13. DEFERRED COMPENSATION

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

Variable Annuity Life (VALIC)
Equitable Life Assurance

Lincoln Investment Planning
Prudential

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

NOTE 16. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2010 consisted of the following:

	<u>Governmental Activities</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
Due to State of New Jersey		\$ 37,129		\$ 37,129
Salaries	\$ 306,008	377		306,385
Vendors	235,064	8,949	\$ 20,000	264,013
	<u>\$ 541,072</u>	<u>\$ 46,455</u>	<u>\$ 20,000</u>	<u>\$ 607,527</u>

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2010, the District transferred \$294,316 to the capital outlay accounts. Transfers of \$253,000 were made for equipment and therefore did not require approval from the County Superintendent. The District obtained the required approval from the County Superintendent for the remaining transfers of \$41,316 for installation of a security camera system at the Millburn High School.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to correct the value of Capital Assets and Net Assets – Invested in Capital Assets, Net of Related Debt reported in its Governmental and Business-type activities as of June 30, 2009. The financial statements for June 30, 2009 have been restated as follows:

	<u>Balance 6/30/09 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/09 as Restated</u>
Statement of Net Assets:			
<u>Governmental Activities:</u>			
Assets:			
Site (Land) and Construction in Progress	\$ 17,471,613	\$ (17,362,568)	\$ 109,045
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	32,302,604	17,975,494	50,278,098
Net Assets:			
Invested in Capital Assets, Net of Related Debt	(3,634,783)	612,926	(3,021,857)
<u>Business-type Activities:</u>			
Non-Current Assets:			
Capital Assets	26,294	256,766	283,060
Accumulated Depreciation	(24,072)	(189,961)	(214,033)
Total Assets	239,285	66,805	306,090
Net Assets:			
Investment in Capital Assets Net of Related Debt	2,222	66,805	69,027
Total Net Assets	239,285	66,805	306,090

This correction had no impact on the District's operations or statement of activities for the fiscal year ended June 30, 2009.

The District made a prior year adjustment in the Governmental Funds Balance Sheet to record liquidation of prior year interfund between the Capital Projects Fund and the Debt Service Fund as of June 30, 2009. The financial statements for June 30, 2009 have been restated as follows:

	<u>Balance 6/30/09 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/09 as Restated</u>
Balance Sheet - Governmental Funds:			
Fund Balances:			
Reserved for:			
Capital Projects Fund	\$ 4,526,179	\$ (1,771)	\$ 4,524,408
Debt Service Fund	396,892	1,771	398,663

This correction had no impact on the District's operations or statement of revenue, expenditures and changes in fund balances for the fiscal year ended June 30, 2009.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 18. PRIOR PERIOD ADJUSTMENTS (Cont'd)

The District made a prior year adjustment in the District Wide Financial Statements to classify the amount of accrued interest payable between restricted and unrestricted net assets reported in its governmental activities of June 30, 2009. The financial statements for June 30, 2009 have been restated as follows:

	<u>Balance 6/30/09 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/09 as Restated</u>
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
Fund Balances:			
Restricted for:			
Debt Service Fund	\$ (605,131)	\$ 1,002,024	\$ 396,893
Unrestricted	743,232	(1,002,024)	(258,792)

This correction had no impact on the District's operations or statement of revenue, expenditures and changes in fund balances for the fiscal year ended June 30, 2009.

The District made a prior year adjustment in the District Wide Financial Statements to record the amount of prepaid health benefits reported in its governmental activities as of June 30, 2009. The financial statements for June 30, 2009 have been restated as follows:

	<u>Balance 6/30/09 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/09 as Restated</u>
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
Assets:			
Prepaid Expenses	\$ -0-	\$ 1,522,031	\$ 1,522,031
Fund Balances:			
Restricted for:			
Other Purposes	7,756,648	1,522,031	9,278,679
<u>Balance Sheet - Governmental Funds:</u>			
Assets:			
Prepaid Expenses	-0-	1,522,031	1,522,031
Fund Balances:			
Reserved for:			
Excess Surplus	2,886,088	1,522,031	4,408,119

This correction reduced expenditures for health benefits and increased Governmental fund balances by \$306,798 for the fiscal year ended June 30, 2009, which represents the difference between the restated prepaid expenses balance at June 30, 2009 and 2008 of \$1,522,031 and \$1,215,233, respectively.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (Continued)

NOTE 19. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution on June 16, 2008 by inclusion of \$300,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated General Fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	<u>\$ 700,000</u>
Ending Balance, June 30, 2010	<u><u>\$ 700,000</u></u>

BUDGETARY COMPARISON SCHEDULES

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 69,105,645		\$ 69,105,645	\$ 69,105,645	
Tuition				305,093	\$ 305,093
Interest Earned on Capital Reserve Funds	5,000		5,000	3,490	(1,510)
Unrestricted Miscellaneous Revenue	100,000		100,000	240,281	140,281
Total - Local Sources	<u>69,210,645</u>		<u>69,210,645</u>	<u>69,654,509</u>	<u>443,864</u>
State Sources:					
Special Education Aid	2,085,568		2,085,568	1,355,619	(729,949)
Security Aid	360,549		360,549	234,357	(126,192)
Transportation Aid	552,042		552,042	358,827	(193,215)
Extraordinary Special Education Costs Aid	468,042		468,042	925,986	457,944
Excess Nonpublic School Transportation Costs				32,001	32,001
TPAF Non-Contributory Insurance (Non-Budgeted)				125,775	125,775
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,362,237	2,362,237
TPAF Social Security (Reimbursed - Non-Budgeted)				2,891,809	2,891,809
Total State Sources	<u>3,466,201</u>		<u>3,466,201</u>	<u>8,286,611</u>	<u>4,820,410</u>
Total Revenues	<u>72,676,846</u>		<u>72,676,846</u>	<u>77,941,120</u>	<u>5,264,274</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 204,297	\$ 8,600	\$ 212,897	\$ 211,617	\$ 1,280
Kindergarten - Salaries of Teachers	1,365,052	65,373	1,430,425	1,422,755	7,670
Grades 1-5 - Salaries of Teachers	9,920,896	(363,202)	9,557,694	9,553,785	3,909
Grades 6-8 - Salaries of Teachers	6,289,972	(1,165)	6,288,807	6,265,195	23,612
Grades 9-12 - Salaries of Teachers	8,759,732	(266,689)	8,493,043	8,470,683	22,360
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000		35,000	9,977	25,023
Purchased Professional-Educational Services	20,000	1,587	21,587	21,587	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	520,960	67,917	588,877	571,871	17,006
Purchased Professional-Educational Services	8,000		8,000	4,985	3,015
Purchased Technical Services	219,786	26,878	246,664	244,405	2,259
Other Purchased Services	13,991	500	14,491	5,128	9,363
General Supplies	844,707	48,666	893,373	792,553	100,820
Textbooks	165,914	2,143	168,057	122,050	46,007
Total Regular Programs - Instruction	<u>28,368,307</u>	<u>(409,392)</u>	<u>27,958,915</u>	<u>27,696,591</u>	<u>262,324</u>
Special Education - Instruction:					
Cognitive - Moderate:					
Purchased Professional-Educational Services	8,800		8,800		8,800
Total Cognitive - Moderate	<u>8,800</u>		<u>8,800</u>		<u>8,800</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 222,457	\$ 89,442	\$ 311,899	\$ 311,144	\$ 755
General Supplies	18,000		18,000	4,188	13,812
Textbooks	7,500	(7,500)			
Total Learning and/or Language Disabilities	<u>247,957</u>	<u>81,942</u>	<u>329,899</u>	<u>315,332</u>	<u>14,567</u>
Visual Impairments:					
Purchased Professional-Educational Services	6,233	(3,780)	2,453	950	1,503
Total Visual Impairments	<u>6,233</u>	<u>(3,780)</u>	<u>2,453</u>	<u>950</u>	<u>1,503</u>
Auditory Impairments:					
Salaries of Teachers	61,428		61,428	59,428	2,000
General Supplies	1,000		1,000	93	907
Total Behavioral Disabilities	<u>62,428</u>		<u>62,428</u>	<u>59,521</u>	<u>2,907</u>
Multiple Disabilities:					
Salaries of Teachers	162,596	278	162,874	162,874	
General Supplies	2,500		2,500	497	2,003
Textbooks	1,000		1,000	946	54
Total Multiple Disabilities	<u>166,096</u>	<u>278</u>	<u>166,374</u>	<u>164,317</u>	<u>2,057</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 3,845,188	\$ (389,127)	\$ 3,456,061	\$ 3,444,400	\$ 11,661
General Supplies	30,080		30,080	15,977	14,103
Textbooks	12,000		12,000	555	11,445
Total Resource Room/Resource Center	3,887,268	(389,127)	3,498,141	3,460,932	37,209
Autism:					
Salaries of Teachers	104,158	10,554	114,712	114,712	
Other Salaries for Instruction	4,800		4,800		4,800
General Supplies	6,000		6,000	4,204	1,796
Total Autism	114,958	10,554	125,512	118,916	6,596
Preschool Disabilities - Part-Time:					
Salaries of Teachers	34,400		34,400		34,400
Other Salaries for Instruction	15,000		15,000		15,000
General Supplies	6,000		6,000	1,127	4,873
Total Preschool Disabilities - Part-Time	55,400		55,400	1,127	54,273
Home Instruction:					
Salaries of Teachers	105,000	3,000	108,000	45,230	62,770
Purchased Professional-Educational Services	6,000	25,189	31,189	31,189	
General Supplies	300		300		300
Total Home Instruction	111,300	28,189	139,489	76,419	63,070

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Total Special Education - Instruction	\$ 4,660,440	\$ (271,944)	\$ 4,388,496	\$ 4,197,514	\$ 190,982
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	811,526		811,526	770,847	40,679
General Supplies	5,500		5,500	5,171	329
Textbooks	500		500		500
Total Basic Skills/Remedial - Instruction	<u>817,526</u>		<u>817,526</u>	<u>776,018</u>	<u>41,508</u>
Bilingual Education - Instruction:					
Salaries of Teachers	298,413		298,413	295,453	2,960
General Supplies	5,500		5,500	4,237	1,263
Textbooks	4,000		4,000	3,984	16
Other Objects	1,000		1,000	335	665
Total Bilingual Education - Instruction	<u>308,913</u>		<u>308,913</u>	<u>304,009</u>	<u>4,904</u>
School Sponsored Cocurricular Activities:					
Salaries	327,648	23,864	351,512	324,291	27,221
Other Objects	106,679	2,000	108,679	107,782	897
Total School-Sponsored Cocurricular Activities	<u>434,327</u>	<u>25,864</u>	<u>460,191</u>	<u>432,073</u>	<u>28,118</u>
School-Sponsored Athletics:					
Salaries	764,788	260	765,048	733,785	31,263
Purchased Services	115,468	(70)	115,398	101,868	13,530
Supplies and Materials	83,187	(8,638)	74,549	70,125	4,424
Other Objects	13,907	(552)	13,355	10,161	3,194
Total School-Sponsored Athletics	<u>977,350</u>	<u>(9,000)</u>	<u>968,350</u>	<u>915,939</u>	<u>52,411</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Instruction:					
Community Services Programs:					
Salaries	\$ 57,496	\$ (5,749)	\$ 51,747	\$ 38,673	\$ 13,074
Total Community Services Programs	<u>57,496</u>	<u>(5,749)</u>	<u>51,747</u>	<u>38,673</u>	<u>13,074</u>
Total Instruction	<u>35,624,359</u>	<u>(670,221)</u>	<u>34,954,138</u>	<u>34,360,817</u>	<u>593,321</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	683,559	(38,750)	644,809	511,558	133,251
Tuition to County Vocational School - Special		6,000	6,000	6,000	
Tuition to CSSD & Regional Day Schools	61,365	5,000	66,365	29,200	37,165
Tuition to Private Schools for the Handicapped Within State	706,981	108,280	815,261	740,908	74,353
Tuition to Private Schools for the Handicapped Outside State	282,952	(202,900)	80,052	80,000	52
Tuition - Other	380,000	(89,115)	290,885	215,292	75,593
Total Undistributed Expenditures - Instruction	<u>2,114,857</u>	<u>(211,485)</u>	<u>1,903,372</u>	<u>1,582,958</u>	<u>320,414</u>
Health Services:					
Salaries	603,678	50,000	653,678	596,650	57,028
Purchased Professional and Technical Services	80,125	(48,500)	31,625	19,236	12,389
Other Purchased Services	381		381		381
Supplies and Materials	10,167	3,233	13,400	12,692	708
Other Objects	5,360	(1,115)	4,245	3,500	745
Total Health Services	<u>699,711</u>	<u>3,618</u>	<u>703,329</u>	<u>632,078</u>	<u>71,251</u>
Speech, OT, PT & Related Services:					
Salaries	1,172,452		1,172,452	1,122,454	49,998
Purchased Professional - Educational Services	226,018	(19,828)	206,190	150,546	55,644

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Speech, OT, PT & Related Services:					
Supplies and Materials	\$ 6,572	\$ (775)	\$ 5,797	\$ 5,342	\$ 455
Total Speech, OT, PT & Related Services	<u>1,405,042</u>	<u>(20,603)</u>	<u>1,384,439</u>	<u>1,278,342</u>	<u>106,097</u>
Other Support Services - Extraordinary Services:					
Salaries	1,387,450		1,387,450	1,281,519	105,931
Supplies and Materials	2,828	(1,570)	1,258	1,087	171
Total Other Support Services - Extraordinary Services	<u>1,390,278</u>	<u>(1,570)</u>	<u>1,388,708</u>	<u>1,282,606</u>	<u>106,102</u>
Guidance:					
Salaries of Other Professional Staff	1,167,549		1,167,549	1,153,908	13,641
Salaries of Secretarial and Clerical Assistants	182,612	4,723	187,335	186,922	413
Other Salaries	97,321	750	98,071	98,071	
Other Purchased Professional-Educational Services	32,000		32,000	31,030	970
Other Purchased Services	7,000		7,000		7,000
Total Guidance	<u>1,486,482</u>	<u>5,473</u>	<u>1,491,955</u>	<u>1,469,931</u>	<u>22,024</u>
Child Study Team:					
Salaries of Other Professional Staff	2,073,263	51,945	2,125,208	2,123,085	2,123
Salaries of Secretarial and Clerical Assistants	222,923	(600)	222,323	220,501	1,822
Other Purchased Professional and Technical Services	87,984	(9,872)	78,112	53,531	24,581
Miscellaneous Purchased Services	7,516		7,516	2,209	5,307
Supplies and Materials	31,888	485	32,373	30,024	2,349
Other Objects	5,080		5,080	3,310	1,770
Total Child Study Team	<u>2,428,654</u>	<u>41,958</u>	<u>2,470,612</u>	<u>2,432,660</u>	<u>37,952</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 1,324,015	\$ (31,140)	\$ 1,292,875	\$ 1,201,330	\$ 91,545
Salaries of Other Professional Staff	310,000	(61,146)	248,854	192,148	56,706
Salaries of Secretarial and Clerical Assistants	103,137	2	103,139	103,029	110
Other Purchased Services	7,000	(3,000)	4,000	899	3,101
Supplies and Materials	26,600	(16,083)	10,517	8,836	1,681
Other Objects	12,500	(2,448)	10,052	9,611	441
Total Improvement of Instructional Services	1,783,252	(113,815)	1,669,437	1,515,853	153,584
Educational Media Services/School Library:					
Salaries	765,270		765,270	761,942	3,328
Supplies and Materials	175,886	1,004	176,890	151,988	24,902
Total Educational Media Services/School Library	941,156	1,004	942,160	913,930	28,230
Instructional Staff Training Services:					
Other Salaries	19,700	33,163	52,863	48,272	4,591
Purchased Professional - Educational Services	80,000	(72,844)	7,156	7,156	
Other Purchased Services	17,981	(682)	17,299	2,100	15,199
Supplies and Materials	4,000	300	4,300	1,265	3,035
Other Objects	60,422	(18,772)	41,650	18,119	23,531
Total Instructional Staff Training Services	182,103	(58,835)	123,268	76,912	46,356

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
General Administration:					
Salaries	\$ 467,103	\$ (1,046)	\$ 466,057	\$ 464,328	\$ 1,729
Legal Services	140,504	132,956	273,460	258,786	14,674
Audit Fees	29,950	(150)	29,800	29,800	
Other Purchased Professional Services	25,000	19,820	44,820	40,182	4,638
Communications/Telephone	126,195	(28,452)	97,743	84,202	13,541
BOE Other Purchased Services	3,000	(2,600)	400		400
Miscellaneous Purchased Services	23,672	2,662	26,334	26,333	1
General Supplies	18,924	(4,736)	14,188	12,177	2,011
BOE In-House Training/Meeting Supplies	845		845	612	233
Miscellaneous Expenditures	82,256	106,263	188,519	32,210	156,309
BOE Membership Dues and Fees	30,000	(84)	29,916	29,916	
Total General Administration	947,449	224,633	1,172,082	978,546	193,536
School Administration:					
Salaries of Principals/Assistant Principals	1,912,202	(304,487)	1,607,715	1,560,052	47,663
Salaries of Other Professional Staff		329,444	329,444	329,064	380
Salaries of Secretarial and Clerical Assistants	796,148	5,906	802,054	784,697	17,357
Other Salaries	12,898	(1,351)	11,547	273	11,274
Supplies and Materials	170,738	18,259	188,997	157,944	31,053
Other Objects	55,757	(2,690)	53,067	34,099	18,968
Total School Administration	2,947,743	45,081	2,992,824	2,866,129	126,695

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 786,240	\$ 8,160	\$ 794,400	\$ 675,945	\$ 118,455
Purchased Technical Services	34,606	11,612	46,218	44,563	1,655
Miscellaneous Purchased Services	5,743	(4,497)	1,246	166	1,080
Supplies and Materials	26,571	(6,375)	20,196	14,731	5,465
Miscellaneous Expenditures	64,505	4,160	68,665	66,028	2,637
Total Central Services	917,665	13,060	930,725	801,433	129,292
Administrative Information Technology:					
Salaries	627,902	11,800	639,702	605,701	34,001
Purchased Professional Services	31,289	(4,250)	27,039	23,744	3,295
Purchased Technical Services	10,900	884	11,784	11,783	1
Other Purchased Services	2,500	(1,927)	573	438	135
Supplies and Materials	7,481	(5,009)	2,472	2,472	
Other Objects	2,500	(930)	1,570	1,570	
Total Administrative Information Technology	682,572	568	683,140	645,708	37,432
Required Maintenance for School Facilities:					
Salaries	328,895	12,500	341,395	335,988	5,407
Cleaning, Repair and Maintenance Services	485,875	(75,169)	410,706	380,532	30,174
General Supplies	162,000	25,673	187,673	167,022	20,651
Total Required Maintenance for School Facilities	976,770	(36,996)	939,774	883,542	56,232

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 1,973,072	\$ 26,744	\$ 1,999,816	\$ 1,937,552	\$ 62,264
Salararies of Non-Instructional Aides	360,971	9,639	370,610	355,679	14,931
Purchased Professional and Technical Services	30,400	(1,900)	28,500	25,295	3,205
Cleaning, Repair and Maintenance Services	555,172	9,662	564,834	384,738	180,096
Other Purchased Property Services	100,000		100,000	81,119	18,881
Insurance	203,717	21,649	225,366	221,383	3,983
Miscellaneous Purchased Services	8,160	(1,604)	6,556	6,450	106
General Supplies	201,834	(23,139)	178,695	169,291	9,404
Energy (Electricity)	875,000	46,725	921,725	921,725	
Energy (Natural Gas)	750,000	(140,354)	609,646	402,206	207,440
Energy (Oil)	6,000	(1,177)	4,823	4,822	1
Other Objects	1,250	100	1,350	100	1,250
Total Custodial Services	<u>5,065,576</u>	<u>(53,655)</u>	<u>5,011,921</u>	<u>4,510,360</u>	<u>501,561</u>
Care & Upkeep of Grounds:					
Salaries	141,768	60,205	201,973	191,502	10,471
Cleaning, Repair and Maintenance Services	60,664	(29,633)	31,031	20,358	10,673
General Supplies	17,306	4,617	21,923	21,923	
Total Care & Upkeep of Grounds	<u>219,738</u>	<u>35,189</u>	<u>254,927</u>	<u>233,783</u>	<u>21,144</u>
Security:					
Salaries	96,977	1,917	98,894	93,532	5,362
Cleaning, Repair and Maintenance Services		14,834	14,834	13,337	1,497
Total Security	<u>96,977</u>	<u>16,751</u>	<u>113,728</u>	<u>106,869</u>	<u>6,859</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	\$ 164,105		\$ 164,105	\$ 150,372	\$ 13,733
Between Home and School - Regular	119,165		119,165	118,351	814
Between Home and School - Special Education	308,865		308,865	268,660	40,205
Other than Between Home and School	50,250		50,250	36,565	13,685
Contracted Services:					
Cleaning, Repair and Maintenance Services	31,410	\$ 7,500	38,910	37,547	1,363
Between Home and School -Vendors	1,202,546	(3,950)	1,198,596	1,175,454	23,142
Other than Between Home and School -Vendors	185,459	11,000	196,459	172,504	23,955
Special Education Students - Vendors	500,000	(500,000)			
Special Education Students - ESCs & CTSA's		487,590	487,590	353,428	134,162
Aid in Lieu of Payments for Nonpublic School Students	155,000	3,950	158,950	156,978	1,972
Miscellaneous Purchased Services - Transportation	16,344	(676)	15,668	14,879	789
General Supplies	27,000	4,100	31,100	17,997	13,103
Transportation Supplies	3,500	(255)	3,245	511	2,734
Other Objects	500	1,171	1,671	1,671	
Total Student Transportation Services	<u>2,764,144</u>	<u>10,430</u>	<u>2,774,574</u>	<u>2,504,917</u>	<u>269,657</u>
Unallocated Benefits:					
Social Security Contributions	1,030,000		1,030,000	989,089	40,911
Other Retirement Contributions - Regular	723,900	1,592	725,492	659,242	66,250
Unemployment Compensation		500,000	500,000	500,000	
Workmen's Compensation	375,000	(4,203)	370,797	370,713	84
Health Benefits	11,418,869	(118,559)	11,300,310	11,118,197	182,113

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Unallocated Benefits:					
Tuition Reimbursement	\$ 133,833	\$ 500	\$ 134,333	\$ 114,973	\$ 19,360
Other Employee Benefits	85,512	95,769	181,281	177,526	3,755
Total Unallocated Benefits	<u>13,767,114</u>	<u>475,099</u>	<u>14,242,213</u>	<u>13,929,740</u>	<u>312,473</u>
On-Behalf Contributions (Non-budgeted):					
TPAF Non-Contributory Insurance				125,775	(125,775)
TPAF Post Retirement Contributions (On-Behalf)				2,362,237	(2,362,237)
Reimbursed TPAF Social Security Contributions				2,891,809	(2,891,809)
Total On-Behalf Contributions				<u>5,379,821</u>	<u>(5,379,821)</u>
Total Employee Benefits	<u>13,767,114</u>	<u>475,099</u>	<u>14,242,213</u>	<u>19,309,561</u>	<u>(5,067,348)</u>
Total Undistributed Expenditures	<u>40,817,283</u>	<u>375,905</u>	<u>41,193,188</u>	<u>44,026,118</u>	<u>(2,832,930)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>76,441,642</u>	<u>(294,316)</u>	<u>76,147,326</u>	<u>78,386,935</u>	<u>(2,239,609)</u>
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5	48,500		48,500	48,500	
Undistributed - Instruction	70,000	253,000	323,000	37,393	285,607
Total Equipment	<u>118,500</u>	<u>253,000</u>	<u>371,500</u>	<u>85,893</u>	<u>285,607</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Other Purchased Professional Services	\$ 18,775	\$ 5,000	\$ 23,775	\$ 18,523	\$ 5,252
Construction Services	134,887	36,316	171,203	164,466	6,737
Total Facilities Acquisition and Construction Services	<u>153,662</u>	<u>41,316</u>	<u>194,978</u>	<u>182,989</u>	<u>11,989</u>
 TOTAL CAPITAL OUTLAY	 <u>272,162</u>	 <u>294,316</u>	 <u>566,478</u>	 <u>268,882</u>	 <u>297,596</u>
 TOTAL EXPENDITURES	 <u>76,713,804</u>	 <u> </u>	 <u>76,713,804</u>	 <u>78,655,817</u>	 <u>(1,942,013)</u>
 Excess/(Deficit) of Revenues Over/(Under) Expenditures	 <u>(4,036,958)</u>	 <u> </u>	 <u>(4,036,958)</u>	 <u>(714,697)</u>	 <u>3,322,261</u>
 Other Financing Sources/(Uses):					
Capital Reserve - Transfer from Capital Projects Fund	<u> </u>	<u> </u>	<u> </u>	<u>189,131</u>	<u>(189,131)</u>
Total Other Financing Sources/(Uses)	<u> </u>	<u> </u>	<u> </u>	<u>189,131</u>	<u>(189,131)</u>
 Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	 <u>(4,036,958)</u>	 <u> </u>	 <u>(4,036,958)</u>	 <u>(525,566)</u>	 <u>3,511,392</u>
 Fund Balance, July 1 - Restated	 <u>12,210,256</u>	 <u> </u>	 <u>12,210,256</u>	 <u>12,210,256</u>	 <u> </u>
 Fund Balance, June 30	 <u>\$ 8,173,298</u>	 <u>\$ -0-</u>	 <u>\$ 8,173,298</u>	 <u>\$ 11,684,690</u>	 <u>\$ 3,511,392</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Reserve for Encumbrances				\$ 529,672	
Reserve for Excess Surplus				2,778,418	
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures				2,886,088	
Capital Reserve				1,633,273	
Emergency Reserve				700,000	
Unreserved - Designated for Subsequent Year's Expenditures				1,201,774	
Unreserved/Undesignated Fund Balance				1,955,465	
				11,684,690	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(208,930)	
Fund Balance per Governmental Funds (GAAP)				\$ 11,475,760	

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 109,692	\$ 109,692	\$ 60,805	\$ (48,887)
State Sources	\$ 232,230	(20,776)	211,454	166,895	(44,559)
Federal Sources	960,098	1,504,784	2,464,882	1,496,273	(968,609)
Total Revenues	<u>1,192,328</u>	<u>1,593,700</u>	<u>2,786,028</u>	<u>1,723,973</u>	<u>(1,062,055)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	960,098	(608,056)	352,042	206,318	145,724
Purchased Professional and Technical Services		3,380	3,380	3,380	
Purchased Professional - Educational Services	37,083	(674)	36,409	20,901	15,508
Other Purchased Services		250,970	250,970	250,970	
Tuition		433,000	433,000	331,713	101,287
General Supplies		311,286	311,286	233,441	77,845
Textbooks	29,566	3,961	33,527	25,548	7,979
Other Objects		109,692	109,692	60,805	48,887
Total Instruction	<u>1,026,747</u>	<u>503,559</u>	<u>1,530,306</u>	<u>1,133,076</u>	<u>397,230</u>
Support Services:					
Salaries of Other Professional Staff		438,473	438,473	240,489	197,984
Salaries of Secretarial and Clerical Assistants		4,536	4,536	4,536	
Personal Services - Employee Benefits		102,756	102,756	52,215	50,541
Purchased Professional and Technical Services	39,913	278,861	318,774	151,305	167,469

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Support Services:					
Purchased Professional-Educational Services	\$ 104,988	\$ (3,227)	\$ 101,761	\$ 80,689	\$ 21,072
Other Purchased Services		76,743	76,743	15,549	61,194
Supplies and Materials		107,679	107,679	46,114	61,565
Other Objects	20,680	(20,680)			
Total Support Services	<u>165,581</u>	<u>985,141</u>	<u>1,150,722</u>	<u>590,897</u>	<u>559,825</u>
Facilities Acquisition and Construction Services:					
Building/Renovation		105,000	105,000		105,000
Total Facilities Acquisition and Construction Services		<u>105,000</u>	<u>105,000</u>		<u>105,000</u>
Total Expenditures	<u>\$ 1,192,328</u>	<u>\$ 1,593,700</u>	<u>\$ 2,786,028</u>	<u>\$ 1,723,973</u>	<u>\$ 1,062,055</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 77,941,120	\$ 1,723,973
Difference - Budget to GAAP:		
State Aid Payment Recognized for GAAP Purposes, not Recognized for Budgetary Statements	268,769	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(208,930)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 78,000,959	\$ 1,723,973
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 78,655,817	\$ 1,723,973
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 78,655,817	\$ 1,723,973

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

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MILLBURN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

REVENUES	Private Donations	I.D.E.A.			Basic ARRA
		Basic 2009-10	Basic Carryover	Preschool 2009-10	
Local Sources	\$ 60,805				
State Sources					
Federal Sources		\$ 638,440	\$ 244,572	\$ 25,683	\$ 532,098
Total Revenues	60,805	638,440	244,572	25,683	532,098
EXPENDITURES:					
Instruction:					
Salaries of Teachers		100,069	87,521		
Purchased Professional and Technical Services		3,200	180		
Purchased Professional - Educational Services					
Other Purchased Services					250,970
Tuition		281,713	50,000		
General Supplies		11,702	41,509	469	172,967
Textbooks					
Other Objects	60,805				
Total Instruction	60,805	396,684	179,210	469	423,937
Support Services:					
Salaries of Other Professional Staff		156,120	53,954	22,000	8,415
Salaries of Secretarial and Clerical Assistants					
Personal Services - Employee Benefits		35,755	10,823	3,214	644
Purchased Professional and Technical Services		40,693	585		54,925
Purchased Professional - Educational Services					
Other Purchased Services		9,188			2,250
Supplies and Materials					41,927
Total Support Services		241,756	65,362	25,214	108,161
Total Expenditures	\$ 60,805	\$ 638,440	\$ 244,572	\$ 25,683	\$ 532,098

MILLBURN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Nonpublic</u>		<u>Nonpublic</u>	<u>Nonpublic Handicapped Services</u>		
	<u>Nursing</u>	<u>Textbooks</u>	<u>Auxiliary Services</u> <u>Compensatory</u> <u>Education</u>	<u>Supplementary</u> <u>Instruction</u>	<u>Examination</u> <u>and</u> <u>Classification</u>	<u>Corrective</u> <u>Speech</u>
REVENUES:						
Local Sources						
State Sources	\$ 39,757	\$ 25,548	\$ 12,380	\$ 8,521	\$ 43,117	\$ 37,572
Federal Sources						
Total Revenues	<u>39,757</u>	<u>25,548</u>	<u>12,380</u>	<u>8,521</u>	<u>43,117</u>	<u>37,572</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Purchased Professional - Educational Services			12,380	8,521		
Other Purchased Services						
Tuition						
General Supplies						
Textbooks		25,548				
Other Objects						
Total Instruction		<u>25,548</u>	<u>12,380</u>	<u>8,521</u>		
Support Services:						
Salaries of Other Professional Staff						
Salaries of Secretarial and Clerical Assistants						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services	39,757					
Purchased Professional - Educational Services					43,117	37,572
Other Purchased Services						
Supplies and Materials						
Total Support Services	<u>39,757</u>				<u>43,117</u>	<u>37,572</u>
Total Expenditures	<u>\$ 39,757</u>	<u>\$ 25,548</u>	<u>\$ 12,380</u>	<u>\$ 8,521</u>	<u>\$ 43,117</u>	<u>\$ 37,572</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	No Child Left Behind				Totals
	Title IIA	Title III	Title III Immigrant	Title IV	2010
REVENUES:					
Local Sources					\$ 60,805
State Sources					166,895
Federal Sources	\$ 17,988	\$ 11,614	\$ 19,176	\$ 6,702	1,496,273
Total Revenues	<u>17,988</u>	<u>11,614</u>	<u>19,176</u>	<u>6,702</u>	<u>1,723,973</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		8,207	5,621	4,900	206,318
Purchased Professional and Technical Services					3,380
Purchased Professional - Educational Services					20,901
Other Purchased Services					250,970
Tuition					331,713
General Supplies		1,039	5,755		233,441
Textbooks					25,548
Other Objects					60,805
Total Instruction		<u>9,246</u>	<u>11,376</u>	<u>4,900</u>	<u>1,133,076</u>
Support Services:					
Salaries of Other Professional Staff					240,489
Salaries of Secretarial and Clerical Assistants	2,698	240	1,461	137	4,536
Personal Services - Employee Benefits	206	646	542	385	52,215
Purchased Professional and Technical Services	14,795		550		151,305
Purchased Professional - Educational Services					80,689
Other Purchased Services	289	1,221	1,769	832	15,549
Supplies and Materials		261	3,478	448	46,114
Total Support Services	<u>17,988</u>	<u>2,368</u>	<u>7,800</u>	<u>1,802</u>	<u>590,897</u>
Total Expenditures	<u>\$ 17,988</u>	<u>\$ 11,614</u>	<u>\$ 19,176</u>	<u>\$ 6,702</u>	<u>\$ 1,723,973</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOT APPLICABLE

CAPITAL PROJECTS FUND

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenue and Other Financing Sources:	
Interest on Investments	\$ 7,118
	<hr/>
Total Revenue and Other Financing Sources	7,118
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	20,754
Construction Services	817,916
Equipment	315,636
Cancellation of SDA Grant Receivable	136,816
Transfer to General Fund:	
Transfer Unexpended Balances to Capital Reserve	189,131
Transfer to Debt Service Fund:	
Interest on Investments	7,118
Unexpended Bond Proceeds	750,000
	<hr/>
Total Expenditures and Other Financing Uses	2,237,371
	<hr/>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(2,230,253)
Net Change in Fund Balance	(2,230,253)
Fund Balance - Beginning of Year (As Restated)	4,524,408
	<hr/>
Fund Balance - End of Year	\$ 2,294,155
	<hr/>
<u>Recapitulation:</u>	
Unreserved Fund Balance	\$ 2,280,155
Reserve for Encumbrances	14,000
	<hr/>
Total Fund Balance - Budgetary Basis	2,294,155
	<hr/>
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>	
SDA Grant Receivable not Recognized on the GAAP Basis	-0-
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 2,294,155
	<hr/>

**MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND**

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS**

**ADDITIONS TO HIGH AND MIDDLE SCHOOLS AND VARIOUS RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 2,943,342		\$ 2,943,342	\$ 2,943,342
Bond Proceeds	12,555,000		12,555,000	12,555,000
Contribution from Private Sources	158		158	158
Total Revenue	15,498,500		15,498,500	15,498,500
Expenditures:				
Legal Services	91,051		91,051	91,051
Purchased Professional and Technical Services	1,588,460	\$ 4,010	1,592,470	1,584,874
Construction Services	13,471,325	132,070	13,603,395	13,613,208
Equipment	208,568		208,568	209,367
Total Expenditures	15,359,404	136,080	15,495,484	15,498,500
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 139,096	\$ (136,080)	\$ 3,016	\$ -0-

Additional Project Information:

Project Numbers	SP200182; SP200183
Grant Date	12/14/99
Bond Authorization Date	12/14/99
Bonds Authorized	\$ 12,555,158
Bonds Issued	\$ 12,555,000
Original Authorized Cost	\$ 15,498,500
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 15,498,500

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	99.98%
Original Target Completion Date	01/15/05
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS

ADDITIONS AND RENOVATIONS TO HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 270,537		\$ 270,537	\$ 270,537
Bond Proceeds	691,742		691,742	691,742
Total Revenue	962,279		962,279	962,279
Expenditures:				
Legal Services	6,397		6,397	6,395
Purchased Professional and Technical Services	122,175		122,175	122,392
Construction Services	821,794		821,794	833,492
Total Expenditures	950,366		950,366	962,279
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 11,913	\$ -0-	\$ 11,913	\$ -0-

Additional Project Information:

Project Numbers	SP2030048
Grant Date	03/06/03
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 691,742
Bonds Issued	\$ 691,742
Original Authorized Cost	\$ 834,289
Additional Authorized Cost	\$ 127,990
Revised Authorized Cost	\$ 962,279
Percentage Increase over Original Authorized Cost	15%
Percentage Completion	99%
Original Target Completion Date	01/06/04
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO DEERFIELD ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 981,942		\$ 981,942	\$ 981,942
Bond Proceeds	2,771,906		2,771,906	2,771,906
Total Revenue	3,753,848		3,753,848	3,753,848
Expenditures:				
Legal Services	15,247		15,247	15,247
Purchased Professional and Technical Services	379,572		379,572	394,774
Construction Services	3,263,865		3,263,865	3,258,758
Equipment	85,067		85,067	85,069
Total Expenditures	3,743,751		3,743,751	3,753,848
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 10,097	\$ -0-	\$ 10,097	\$ -0-

Additional Project Information:

Project Numbers	SP202997
Grant Date	02/19/03
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 2,771,906
Bonds Issued	\$ 2,771,906
Original Authorized Cost	\$ 3,661,880
Additional Authorized Cost	\$ 91,968
Revised Authorized Cost	\$ 3,753,848

Percentage Increase over Original Authorized Cost	3%
Percentage Completion	99.73%
Original Target Completion Date	09/15/04
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO GLENWOOD ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Restated Prior Periods	Current Year	Totals	Project Authorization
Revenue:				
State Sources - SDA Grant	\$ 958,832		\$ 958,832	\$ 958,832
Bond Proceeds	2,035,633		2,035,633	2,035,633
Total Revenue	2,994,465		2,994,465	2,994,465
Expenditures:				
Legal Services	28,844		28,844	18,508
Purchased Professional and Technical Services	317,611		317,611	359,361
Construction Services	2,443,839	\$ 96,028	2,539,867	2,544,516
Equipment	69,344		69,344	72,080
Total Expenditures	2,859,638	96,028	2,955,666	2,994,465
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 134,827	\$ (96,028)	\$ 38,799	\$ -0-

Additional Project Information:

Project Numbers	SP202998
Grant Date	02/19/03
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 2,035,633
Bonds Issued	\$ 2,035,633
Original Authorized Cost	\$ 3,396,127
Additional Authorized Cost	\$ (401,662)
Revised Authorized Cost	\$ 2,994,465

Percentage Increase over Original Authorized Cost	-12%
Percentage Completion	99%
Original Target Completion Date	09/15/04
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO SOUTH MOUNTAIN ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 526,969		\$ 526,969	\$ 526,969
Bond Proceeds	899,577		899,577	899,577
Total Revenue	1,426,546		1,426,546	1,426,546
Expenditures:				
Legal Services	7,812		7,812	7,812
Purchased Professional and Technical Services	162,058		162,058	160,573
Construction Services	1,197,533		1,197,533	1,199,533
Equipment	58,628		58,628	58,628
Total Expenditures	1,426,031		1,426,031	1,426,546
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 515	\$ -0-	\$ 515	\$ -0-

Additional Project Information:

Project Numbers	SP202996
Grant Date	02/19/03
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 899,577
Bonds Issued	\$ 899,577
Original Authorized Cost	\$ 1,317,422
Additional Authorized Cost	\$ 109,124
Revised Authorized Cost	\$ 1,426,546

Percentage Increase over Original Authorized Cost	8%
Percentage Completion	99.96%
Original Target Completion Date	01/07/04
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO WYOMING ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 612,158		\$ 612,158	\$ 612,158
Bond Proceeds	1,595,549		1,595,549	1,595,549
Total Revenue	2,207,707		2,207,707	2,207,707
Expenditures:				
Legal Services	12,071		12,071	12,154
Purchased Professional and Technical Services	237,923		237,923	289,566
Construction Services	1,800,801		1,800,801	1,862,643
Equipment	43,343		43,343	43,344
Total Expenditures	2,094,138		2,094,138	2,207,707
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 113,569	\$ -0-	\$ 113,569	\$ -0-

Additional Project Information:

Project Numbers	SP202995
Grant Date	02/19/03
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 1,595,549
Bonds Issued	\$ 1,595,549
Original Authorized Cost	\$ 2,629,301
Additional Authorized Cost	\$ (421,594)
Revised Authorized Cost	\$ 2,207,707

Percentage Increase over Original Authorized Cost	-16%
Percentage Completion	95%
Original Target Completion Date	09/15/04
Revised Target Completion Date	09/15/04

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 1,447,389		\$ 1,447,389	\$ 1,447,389
Bond Proceeds	2,702,839		2,702,839	2,702,839
Total Revenue	4,150,228		4,150,228	4,150,228
Expenditures:				
Legal Services	2,200		2,200	2,200
Purchased Professional and Technical Services	350,458		350,458	359,968
Construction Services	3,786,288		3,786,288	3,788,060
Total Expenditures	4,138,946		4,138,946	4,150,228
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 11,282	\$ -0-	\$ 11,282	\$ -0-

Additional Project Information:

Project Numbers	SP2021057
Grant Date	02/13/99
Bond Authorization Date	09/24/02
Bonds Authorized	\$ 2,702,839
Bonds Issued	\$ 2,701,068
Original Authorized Cost	\$ 3,618,472
Additional Authorized Cost	\$ 531,756
Revised Authorized Cost	\$ 4,150,228
Percentage Increase over Original Authorized Cost	15%
Percentage Completion	100%
Original Target Completion Date	08/31/05
Revised Target Completion Date	09/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL WINDOWS PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
State Sources - SDA Grant	\$ 496,892	\$ (136,816)	\$ 360,076	\$ 360,076
Transfer from Capital Reserve	745,339	(189,131)	556,208	556,208
Total Revenue	<u>1,242,231</u>	<u>(325,947)</u>	<u>916,284</u>	<u>916,284</u>
Expenditures:				
Purchased Professional and Technical Services	53,989		53,989	54,231
Construction Services	846,210		846,210	862,053
Total Expenditures	<u>900,199</u>		<u>900,199</u>	<u>916,284</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>\$ 342,032</u>	<u>\$ (325,947)</u>	<u>\$ 16,085</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	3190-050-04-00MC
Grant Date	06/17/04
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,242,231
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 1,242,231
Percentage Increase over Original	
Authorized Cost	0%
Percentage Completion	98%
Original Target Completion Date	01/15/05
Revised Target Completion Date	12/01/06

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
Bond Proceeds	\$ 11,643,875		\$ 11,643,875	\$ 11,644,875
Total Revenue	11,643,875		11,643,875	11,644,875
Expenditures and Other Financing Uses:				
Legal Services				91,358
Purchased Professional and Technical Services	569,142	9,031	578,173	1,097,659
Construction Services	8,213,638	325,290	8,538,928	9,948,858
Equipment	136,029	216,747	352,776	507,000
Transfer to Debt Service Fund		750,000	750,000	750,000
Total Expenditures and Other Financing Uses	8,918,809	1,301,068	10,219,877	11,644,875
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Uses	\$ 2,725,066	\$ (1,301,068)	\$ 1,423,998	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	09/26/06
Bonds Authorized	\$ 11,644,875
Bonds Issued	\$ 11,643,875
Original Authorized Cost	\$ 11,644,875
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 11,644,875
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	88%
Original Target Completion Date	04/30/09
Revised Target Completion Date	09/30/09

MILLBURN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
Bond Proceeds	\$ 9,656,125		\$ 9,656,125	\$ 9,657,125
Total Revenue	9,656,125		9,656,125	9,657,125
Expenditures:				
Legal Services				74,735
Purchased Professional and Technical Services	507,115	\$ 7,713	514,828	1,021,502
Construction Services	8,037,077	264,528	8,301,605	8,223,388
Equipment	75,922	98,889	174,811	337,500
Total Expenditures	8,620,114	371,130	8,991,244	9,657,125
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 1,036,011	\$ (371,130)	\$ 664,881	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	09/26/06
Bonds Authorized	\$ 9,657,125
Bonds Issued	\$ 9,656,125
Original Authorized Cost	\$ 9,657,125
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 9,657,125
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	93%
Original Target Completion Date	04/30/09
Revised Target Completion Date	09/30/09

PROPRIETARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Field Rental/ Joint Facilities</u>	<u>Family Science</u>	<u>Food Service</u>	<u>Totals</u>
<u>ASSETS:</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 216,263	\$ 964	\$ 89,763	\$ 306,990
Intergovernmental Accounts Receivable:				
State			46	46
Federal			488	488
Inventories			3,077	3,077
Total Current Assets	<u>216,263</u>	<u>964</u>	<u>93,374</u>	<u>310,601</u>
Non-Current Assets:				
Capital Assets			225,942	225,942
Less: Accumulated Depreciation			<u>(179,255)</u>	<u>(179,255)</u>
Total Non-Current Assets			<u>46,687</u>	<u>46,687</u>
Total Assets	<u>216,263</u>	<u>964</u>	<u>140,061</u>	<u>357,288</u>
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	4,066		42,851	46,917
Deferred Revenue			<u>27</u>	<u>27</u>
Total Current Liabilities	<u>4,066</u>		<u>42,878</u>	<u>46,944</u>
<u>NET ASSETS:</u>				
Investment in Capital Assets, Net of Related Debt			46,687	46,687
Unrestricted	<u>212,197</u>	<u>964</u>	<u>50,496</u>	<u>263,657</u>
Total Net Assets	<u>\$ 212,197</u>	<u>\$ 964</u>	<u>\$ 97,183</u>	<u>\$ 310,344</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Field Rental/ Joint Facilities</u>	<u>Family Science</u>	<u>Food Service</u>	<u>Totals</u>
Operating Revenue:				
Daily Sales:				
Reimbursable Programs			\$ 26,604	\$ 26,604
Non-Reimbursable Programs			474,756	474,756
Charges for Services:				
Program Fees	\$ 28,601			28,601
Special Events			52,909	52,909
Miscellaneous Revenue			12,228	12,228
Total Operating Revenue	<u>28,601</u>		<u>566,497</u>	<u>595,098</u>
Operating Expenses:				
Cost of Sales			184,165	184,165
Salaries			187,146	187,146
Employee Benefits			58,683	58,683
Other Purchased Services			93,095	93,095
Cleaning, Repair and Maintenance Services	25,960			25,960
Supplies and Materials			27,528	27,528
Miscellaneous Expense			296	296
Depreciation Expense			10,202	10,202
Total Operating Expenses	<u>25,960</u>		<u>561,115</u>	<u>587,075</u>
Operating Income	<u>2,641</u>		<u>5,382</u>	<u>8,023</u>
Non-Operating Revenue:				
Local Sources:				
Interest Earnings			91	91
State Sources:				
State School Lunch Program			564	564
Federal Sources:				
National School Lunch Program			7,673	7,673
Food Distribution Program			41	41
Total Non-Operating Income			<u>8,369</u>	<u>8,369</u>
Change in Net Assets Before Disposal of Capital Assets	<u>2,641</u>		<u>13,751</u>	<u>16,392</u>
Disposal of Capital Assets			(12,138)	(12,138)
Change in Net Assets	2,641		1,613	4,254
Net Assets - Beginning of Year (As Restated)	<u>209,556</u>	\$ 964	<u>95,570</u>	<u>306,090</u>
Net Assets - End of Year	<u>\$ 212,197</u>	<u>\$ 964</u>	<u>\$ 97,183</u>	<u>\$ 310,344</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Field Rental/ Joint Facilities</u>	<u>Family Science</u>	<u>Food Service</u>	<u>Totals</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 28,601		\$ 572,575	\$ 601,176
Payments to/for Employees			(245,829)	(245,829)
Payments to Suppliers	(21,894)		(317,380)	(339,274)
Net Cash Provided by Operating Activities	<u>6,707</u>		<u>9,366</u>	<u>16,073</u>
Cash Flows from Investment Activities:				
Interest Income			91	91
Net Cash Provided by Investment Activities			<u>91</u>	<u>91</u>
Cash Flows from Noncapital & Financing Activities:				
State Sources			518	518
Federal Sources			7,185	7,185
Net Cash Provided by Noncapital & Financing Activities			<u>7,703</u>	<u>7,703</u>
Net Increase in Cash and Cash Equivalents	6,707		17,160	23,867
Cash and Cash Equivalents, July 1	209,556	\$ 964	72,603	283,123
Cash and Cash Equivalents, June 30	<u>\$ 216,263</u>	<u>\$ 964</u>	<u>\$ 89,763</u>	<u>\$ 306,990</u>
Reconciliation of Operating Income to Net Cash				
Provided by Operating Activities:				
Operating Income	\$ 2,641		\$ 5,382	\$ 8,023
Adjustment to Reconcile Operating Income to Net				
Cash Provided by Operating Activities:				
Depreciation			10,202	10,202
Food Distribution Program			41	41
Changes in Assets and Liabilities:				
(Increase)/Decrease in Other Accounts Receivable			6,078	6,078
(Increase)/Decrease in Inventory			3,316	3,316
Increase/(Decrease) in Accounts Payable	4,066		(15,680)	(11,614)
Increase/(Decrease) in Deferred Revenue			27	27
Net Cash Provided by Operating Activities	<u>\$ 6,707</u>	<u>\$ -0-</u>	<u>\$ 9,366</u>	<u>\$ 16,073</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program Valued at \$68 and Utilized Commodities Valued at \$41.

FIDUCIARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>	
	<u>Student Activity</u>	<u>Payroll</u>				<u>Totals</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 301,217	\$ 449,739	\$ 750,956	\$ 707,664	\$ 84,055	\$ 8,556
Total Assets	<u>301,217</u>	<u>449,739</u>	<u>750,956</u>	<u>707,664</u>	<u>84,055</u>	<u>8,556</u>
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings Due to Student Groups	301,217	449,739	449,739			
Total Liabilities	<u>301,217</u>	<u>449,739</u>	<u>750,956</u>			
<u>NET ASSETS:</u>						
Held in Trust for:						
Unemployment Claims			707,664			
Flex Spending Claims				84,055		
Scholarships					8,556	
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 707,664</u>	<u>\$ 84,055</u>	<u>\$ 8,556</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust	Flex Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 66,230	\$ 230,654	
Board Contribution	500,000		
Donations			\$ 575
Total Contributions	<u>566,230</u>	<u>230,654</u>	<u>575</u>
Investment Earnings:			
Interest			6
Net Investment Earnings			<u>6</u>
Total Additions	<u>566,230</u>	<u>230,654</u>	<u>581</u>
DEDUCTIONS:			
Unemployment Benefit Claims	157,398		
Flex Spending Claims		198,312	
Scholarships Awarded			290
Bank Service Charges			55
Total Deductions	<u>157,398</u>	<u>198,312</u>	<u>345</u>
Change in Net Assets	408,832	32,342	236
Net Assets - Beginning of the Year	<u>298,832</u>	<u>51,713</u>	<u>8,320</u>
Net Assets - End of the Year	<u>\$ 707,664</u>	<u>\$ 84,055</u>	<u>\$ 8,556</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 239,165	\$ 882,113	\$ 820,061	\$ 301,217
Total Assets	<u>\$ 239,165</u>	<u>\$ 882,113</u>	<u>\$ 820,061</u>	<u>\$ 301,217</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 239,165	\$ 882,113	\$ 820,061	\$ 301,217
Total Liabilities	<u>\$ 239,165</u>	<u>\$ 882,113</u>	<u>\$ 820,061</u>	<u>\$ 301,217</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 365,323	\$ 61,889,515	\$ 61,805,099	\$ 449,739
Total Assets	<u>\$ 365,323</u>	<u>\$ 61,889,515</u>	<u>\$ 61,805,099</u>	<u>\$ 449,739</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 365,323	\$ 61,889,515	\$ 61,805,099	\$ 449,739
Total Liabilities	<u>\$ 365,323</u>	<u>\$ 61,889,515</u>	<u>\$ 61,805,099</u>	<u>\$ 449,739</u>

LONG-TERM DEBT

TOWNSHIP OF MILLBURN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2009	Retired or Matured	Balance June 30, 2010
			Date	Amount				
School Bonds	07/15/95	\$ 22,420,000	7/15/10-18	\$ 1,150,000	5.350%	\$ 12,649,000	\$ 1,150,000	\$ 11,499,000
			07/15/19	1,149,000	5.350%			
School Bonds	07/15/01	12,555,000	01/15/11	575,000	4.600%	1,125,000	550,000	575,000
School Bonds	03/15/03	12,440,000	09/15/10	540,000	4.000%	10,140,000	520,000	9,620,000
			09/15/11	560,000	4.000%			
			09/15/12	580,000	4.000%			
			09/15/13	605,000	4.000%			
			09/15/14	630,000	4.000%			
			09/15/15	655,000	4.000%			
			09/15/16	680,000	4.000%			
			09/15/17	705,000	4.000%			
			09/15/18	730,000	4.000%			
			09/15/19	755,000	4.000%			
			09/15/20	780,000	4.000%			
			09/15/21	805,000	4.000%			
			09/15/22	820,000	4.000%			
09/15/23	775,000	4.000%						

TOWNSHIP OF MILLBURN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2009	Retired or Matured	Balance June 30, 2010
			Date	Amount				
Refunding Bonds	12/12/06	\$ 9,180,000	01/15/11	\$ 50,000	3.700%			
			01/15/12	705,000	3.700%			
			01/15/13	745,000	3.700%			
			01/15/14	790,000	3.700%			
			01/15/15	835,000	3.700%			
			01/15/16	840,000	3.700%			
			01/15/17	840,000	3.700%			
			01/15/18	835,000	3.700%			
			01/15/19	830,000	3.700%			
			01/15/20	820,000	3.700%			
			01/15/21	810,000	3.700%			
			01/15/22	795,000	3.700%	\$ 8,945,000	\$ 50,000	\$ 8,895,000
School Bonds	01/30/07	21,300,000	7/15/10-13	750,000	4.125%			
			7/15/14-15	750,000	4.250%			
			07/15/16	850,000	4.250%			
			07/15/17	950,000	4.250%			
			07/15/18	1,100,000	4.250%			
			07/15/19	1,150,000	4.250%			
			07/15/20	1,150,000	4.250%			
			7/15/21-22	1,300,000	4.250%			
7/15/23-27	1,500,000	4.250%	20,550,000	750,000	19,800,000			
					\$ 53,409,000	\$ 3,020,000	\$ 50,389,000	

MILLBURN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,593,643		\$ 4,593,643	\$ 4,593,643	
State Sources:					
Debt Service Aid Type II	316,450		316,450	316,450	
Total Revenues	<u>4,910,093</u>		<u>4,910,093</u>	<u>4,910,093</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	2,277,093		2,277,093	2,277,093	
Redemption of Principal	3,020,000		3,020,000	3,020,000	
Total Expenditures	<u>5,297,093</u>		<u>5,297,093</u>	<u>5,297,093</u>	
Deficit of Revenues Under Expenditures	(387,000)		(387,000)	(387,000)	
Other Financing Sources/(Uses):					
Transfer from Capital Projects Fund:					
Interest Earned				7,118	\$ 7,118
Unexpended Bond Proceeds				750,000	750,000
Total Other Financing Sources/(Uses)				<u>757,118</u>	<u>757,118</u>
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	(387,000)		(387,000)	370,118	757,118
Fund Balance, July 1 (As Restated)	398,663		398,663	398,663	
Fund Balance, June 30	<u>\$ 11,663</u>	<u>\$ -0-</u>	<u>\$ 11,663</u>	<u>\$ 768,781</u>	<u>\$ 757,118</u>
Recapitulation:					
Unreserved - Designated for Subsequent Year's Expenditures				\$ 764,842	
Unreserved - Undesignated				3,939	
				<u>\$ 768,781</u>	

STATISTICAL SECTION

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

Contents**Exhibit****Financial Trends**

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

MILLBURN TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	(Restated) 2009	2010
Governmental Activities:						
Invested in Capital Assets, Net of Related Debt	\$ 10,124,685	\$ (5,625,770)	\$ (24,147,635)	\$ (17,611,260)	\$ (3,021,858)	\$ (362,875)
Restricted	6,437,169	5,995,271	7,244,083	23,208,144	14,793,320	11,590,387
Unrestricted/(Deficit)	442,231	424,091	21,034,071	1,114,456	(258,791)	606,999
Total Governmental Activities Net Assets	\$ 17,004,085	\$ 793,592	\$ 4,130,519	\$ 6,711,340	\$ 11,512,671	\$ 11,834,511
Business-type Activities:						
Invested in Capital Assets, Net of Related Debt	\$ 8,107	\$ 6,636	\$ 5,164	\$ 3,693	\$ 69,028	\$ 46,687
Unrestricted	150,816	166,964	204,865	244,540	237,062	263,657
Total Business-type Activities Net Assets	\$ 158,923	\$ 173,600	\$ 210,029	\$ 248,233	\$ 306,090	\$ 310,344
District-wide:						
Invested (Deficit) in Capital Assets, Net of Related Debt	\$ 10,132,792	\$ (5,619,134)	\$ (24,142,471)	\$ (17,607,567)	\$ (2,952,830)	\$ (316,188)
Restricted	6,437,169	5,995,271	7,244,083	23,208,144	14,793,320	11,590,387
Unrestricted/(Deficit)	593,047	591,055	21,238,936	1,358,996	(21,729)	870,656
Total District Net Assets	\$ 17,163,008	\$ 967,192	\$ 4,340,548	\$ 6,959,573	\$ 11,818,761	\$ 12,144,855

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Financial Reports.

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

Expenses:	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009*	2010
Governmental Activities:						
Instruction:						
Regular	\$ 29,497,381	\$ 31,434,454	\$ 34,829,654	\$ 36,205,963	\$ 36,900,204	\$ 39,152,259
Special Education	4,720,654	5,104,534	5,731,175	5,997,331	6,045,526	6,664,958
Other Special Education						1,076,746
Other Instruction	2,323,227	2,406,254	2,723,836	2,871,361	2,865,518	1,895,324
Support Services:						
Tuition	2,196,072	2,162,831	2,314,069	1,970,740	1,985,622	1,914,671
Student & Instruction Related Services	11,392,174	12,135,407	13,535,358	14,238,145	14,049,547	14,136,561
General & Business Administrative Services	2,970,153	3,020,558	2,829,711	3,007,515	3,118,998	
General Administrative Services						1,148,162
School Administrative Services	3,291,593	3,341,569	3,638,578	3,781,327	3,703,873	3,808,743
Central Services						1,330,633
Administrative Information Technology						645,708
Plant Operations and Maintenance	5,928,733	6,138,208	6,291,651	6,857,762	7,426,762	7,172,703
Pupil Transportation	2,517,074	2,568,252	2,702,958	2,808,707	2,924,577	2,944,693
Capital Outlay						90,302
Interest on Long-term Debt	2,014,407	1,878,217	1,914,971	2,487,751	2,355,693	2,202,024
Total Governmental Activities Expenses	66,851,468	70,190,284	76,511,961	80,226,602	81,376,320	84,183,487
Business-type Activities:						
Food Service	655,304	604,396	651,088	660,573	672,736	561,115
Adult School	29,696	26,210	25,868	13,889	16,504	
Field Rental/Joint Facilities	18,533	45,547	26,810	20,303	29,842	25,960
Family Service	2,697	1,095	4,480			
Total Business-type Activities Expense	706,230	677,248	708,246	694,765	719,082	587,075
Total District-wide Expenses	\$ 67,557,698	\$ 70,867,532	\$ 77,220,207	\$ 80,921,367	\$ 82,095,402	\$ 84,770,562

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

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Program Revenues:						
Governmental Activities:						
Charges for Services:						
Pupil Transportation				\$ 22,113		
Operating Grants and Contributions	\$ 9,944,996	\$ 10,503,389	\$ 13,184,410	11,516,987	\$ 10,669,612	\$ 9,849,638
Total Governmental Activities Program Revenues	<u>9,944,996</u>	<u>10,503,389</u>	<u>13,184,410</u>	<u>11,539,100</u>	<u>10,669,612</u>	<u>9,849,638</u>
Business-type Activities:						
Charges for Services						
Food Service	614,111	581,831	661,996	637,515	614,570	566,497
Adult School	35,319	21,648	20,853	24,895		
Field Rental/Joint Facilities	41,200	45,275	46,940	60,127	70,316	28,601
Family Service	3,150	1,125	4,500			
Operating Grants and Contributions	28,793	41,649	10,000			8,278
Total Business-type Activities Program Revenues	<u>722,573</u>	<u>691,528</u>	<u>744,289</u>	<u>722,537</u>	<u>684,886</u>	<u>603,376</u>
Total District-wide Program Revenues	<u>\$ 10,667,569</u>	<u>\$ 11,194,917</u>	<u>\$ 13,928,699</u>	<u>\$ 12,261,637</u>	<u>\$ 11,354,498</u>	<u>\$ 10,453,014</u>
Net (Expense)/Revenue:						
Governmental Activities	\$(56,906,472)	\$(59,686,895)	\$(63,327,551)	\$(68,687,502)	\$(70,706,708)	\$(74,333,849)
Business-type Activities	16,343	14,280	36,043	27,772	(34,196)	16,301
Total District-wide Net Expense	<u>\$(56,890,129)</u>	<u>\$(59,672,615)</u>	<u>\$(63,291,508)</u>	<u>\$(68,659,730)</u>	<u>\$(70,740,904)</u>	<u>\$(74,317,548)</u>
General Revenues and Other Changes in Net Assets:						
Governmental Activities:						
Property Taxes Levied for General Purposes, Net	\$ 56,172,922	\$ 57,753,521	\$ 62,055,799	\$ 65,038,578	\$ 67,755,037	\$ 69,105,645
Taxes Levied for Debt Service	1,729,924	1,811,994	1,761,597	3,954,570	4,447,812	4,593,643
Unrestricted Grants and Contributions	564,508	708,022	1,785,764	699,140	129,153	537,235

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

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets:						
Governmental Activities:						
Tuition	\$ 122,532	\$ 190,797	\$ 159,625	\$ 179,283	\$ 169,993	\$ 305,093
Investment Earnings	323,537	562,153	1,190,255	1,261,841	537,058	49,386
Miscellaneous Income	152,049	173,068	228,741	185,424	940,305	201,503
N.J. Economic Development Authority Grants	394,000		(235,501)			
Transfers	(10,000)	(10,000)	(10,000)	(10,000)	(25,000)	
Refunding Bonds, Net			(555,000)			
Adjustments to Capital Assets		(17,713,153)	283,198	(40,514)	(274,477)	
Cancellation of SDA Grant Receivable						(136,816)
Total Governmental Activities	<u>59,449,472</u>	<u>43,476,402</u>	<u>66,664,478</u>	<u>71,268,322</u>	<u>73,679,881</u>	<u>74,655,689</u>
Business-type Activities:						
Investment Earnings	437	396	386	433	247	91
Transfers				10,000	25,000	
Disposal of Capital Assets						(12,138)
Total Business-type Activities	<u>437</u>	<u>396</u>	<u>386</u>	<u>10,433</u>	<u>25,247</u>	<u>(12,047)</u>
Total District-wide General Revenues and Other Changes	<u>\$ 59,449,909</u>	<u>\$ 43,476,798</u>	<u>\$ 66,664,864</u>	<u>\$ 71,278,755</u>	<u>\$ 73,705,128</u>	<u>\$ 74,643,642</u>
Change in Net Assets:						
Governmental Activities	\$ 2,543,000	\$(16,210,493)	\$ 3,336,927	\$ 2,580,820	\$ 2,973,173	\$ 321,840
Business-type Activities	16,780	14,676	36,429	38,205	(8,949)	4,254
Total District-wide Change in Net Assets	<u>\$ 2,559,780</u>	<u>\$(16,195,817)</u>	<u>\$ 3,373,356</u>	<u>\$ 2,619,025</u>	<u>\$ 2,964,224</u>	<u>\$ 326,094</u>

* Restated

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	(Restated) 2009	2010
General Fund:						
Reserved	\$ 3,359,141	\$ 4,409,810	\$ 6,861,657	\$ 7,594,509	\$ 9,870,248	\$ 8,527,451
Unreserved:						
Designated for Subsequent Year's Expenditures	975,578	601,352	385,928	811,565	609,000	1,201,774
Undesignated	1,439,845	1,450,931	1,544,994	1,546,924	1,462,239	1,746,535
Total General Fund	<u>\$ 5,774,564</u>	<u>\$ 6,462,093</u>	<u>\$ 8,792,579</u>	<u>\$ 9,952,998</u>	<u>\$ 11,941,487</u>	<u>\$ 11,475,760</u>
All Other Governmental Funds:						
Reserved		\$ 460,669	\$ 1,432,658	\$ 11,104,175	\$ 737,602	\$ 14,000
Unreserved, Reported in:						
Capital Projects Fund	2,792,242	1,198,134	19,788,850	4,900,165	3,786,806	2,280,155
Debt Service Fund	180,906	92,474	474,951	670,994	398,663	768,781
Total All Other Governmental Funds	<u>\$ 2,973,148</u>	<u>\$ 1,751,277</u>	<u>\$ 21,696,459</u>	<u>\$ 16,675,334</u>	<u>\$ 4,923,071</u>	<u>\$ 3,062,936</u>
Total Governmental Funds	<u>\$ 8,747,712</u>	<u>\$ 8,213,370</u>	<u>\$ 30,489,038</u>	<u>\$ 26,628,332</u>	<u>\$ 16,864,558</u>	<u>\$ 14,538,696</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Revenues:						
Tax Levy	\$ 59,915,199	\$ 61,441,644	\$ 65,730,269	\$ 68,993,148	\$ 72,202,849	\$ 73,699,288
Tuition Charges	122,532	190,797	159,625	179,283	169,993	305,093
Interest Earnings	323,537	562,153	1,190,255	1,261,841	537,058	3,490
Miscellaneous	320,616	649,839	1,509,952	239,755	974,851	308,204
State Sources	7,576,556	7,974,539	10,636,094	11,006,084	9,611,465	8,829,795
Federal Sources	752,028	883,972	1,139,997	1,177,826	1,152,754	1,496,273
Total Revenue	69,010,468	71,702,944	80,366,192	82,857,937	84,648,970	84,642,143
Expenditures:						
Instruction:						
Regular Instruction	22,301,199	23,469,666	25,145,724	25,518,261	27,068,230	27,829,367
Special Education Instruction	3,659,112	3,857,419	4,181,089	4,351,880	4,489,771	4,866,101
Other Special Instruction						1,080,027
School-Sponsored/Other Instruction	1,974,166	2,052,571	2,264,407	2,389,580	2,423,790	1,386,685
Support Services:						
Tuition	2,196,072	2,162,831	2,314,069	1,970,740	1,985,621	1,914,671
Student & Other Instruction Related Services	8,851,348	9,399,587	10,118,486	10,508,308	10,470,248	10,193,209
General & Business Administrative Services	2,489,628	2,526,638	2,260,260			
General Administrative Services				881,777	950,705	978,546
School Administrative Services	2,551,982	2,624,138	2,746,615	2,773,342	2,791,601	2,866,129
Central Services				882,253	897,867	801,433
Administrative Information Technology				632,772	670,977	645,708
Plant Operations and Maintenance	5,051,567	5,290,209	5,348,487	5,699,642	6,215,237	5,734,554

MILLBURN TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009*	2010
Expenditures:						
Support Services:						
Student Transportation	\$ 2,214,581	\$ 2,252,248	\$ 2,354,347	\$ 2,456,206	\$ 2,517,903	\$ 2,504,917
Unallocated Benefits	12,195,905	13,176,997	16,238,353	18,036,358	17,195,193	19,309,561
Capital Outlay	10,128,645	1,601,485	2,445,728	6,021,240	12,555,435	1,423,188
Debt Service:						
Principal	1,825,000	1,850,000	2,095,000	2,110,000	2,955,000	3,020,000
Interest and Other Charges	1,986,049	1,964,498	1,632,457	2,476,284	2,415,369	2,277,093
Total Expenditures	<u>77,425,254</u>	<u>72,228,287</u>	<u>79,145,022</u>	<u>86,708,643</u>	<u>95,602,947</u>	<u>86,831,189</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditur	<u>(8,414,786)</u>	<u>(525,343)</u>	<u>1,221,170</u>	<u>(3,850,706)</u>	<u>(10,953,977)</u>	<u>(2,189,046)</u>
Other Financing Sources/(Uses):						
Long Term Debt Issued			21,300,000			
NJEDA/SDA Grants	394,000		(235,501)			(136,816)
Transfers	(10,000)	(10,000)	(10,000)	(10,000)	(25,000)	
Total Other Financing Sources/(Uses)	<u>384,000</u>	<u>(10,000)</u>	<u>21,054,499</u>	<u>(10,000)</u>	<u>(25,000)</u>	<u>(136,816)</u>
Net Change in Fund Balances	<u>\$ (8,030,786)</u>	<u>\$ (535,343)</u>	<u>\$ 22,275,669</u>	<u>\$ (3,860,706)</u>	<u>\$ (10,978,977)</u>	<u>\$ (2,325,862)</u>
Debt Service as a % of Noncapital Expenditures	<u>5.66%</u>	<u>5.40%</u>	<u>4.86%</u>	<u>5.68%</u>	<u>6.47%</u>	<u>6.20%</u>

* Restated

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Basis of Accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2001	\$ 223,984	\$ 1,957	\$ 54,007	\$ 45,338	\$ 50,706	\$ 375,992
2002	103,012	73,656	68,875	46,299	6,111	297,953
2003	68,467	115,148	67,930	10,178	85,432	347,155
2004	86,384	115,392	80,781	10,191	8,756	301,504
2005	233,120	122,532	64,877	38,794	48,221	507,544
2006	526,300	190,797	69,097	54,943	49,028	890,165
2007	760,305	159,625	30,463	88,080	106,782	1,145,255
2008	600,704	179,283	80,386	96,134	29,246	985,753
2009	211,326	169,993	36,631	227,036	13,038	658,024
2010	42,268	305,093	25,364	74,452	101,687	548,864

Source: Millburn Township School District Financial Reports.

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2000	\$ 8,010,600	\$ 1,334,660,540	\$ -0-	\$ -0-	\$ 326,127,300	\$ 23,562,800	\$ 17,003,400	\$1,709,364,640	\$ 7,848,236	\$1,717,212,876	\$ 154,018,300	\$ 2.04	\$4,737,775,595
2001	9,243,800	1,341,315,000	-0-	-0-	325,697,700	23,562,800	16,713,000	1,716,532,300	2,551,000	1,719,083,300	153,929,500	2.32	5,343,746,658
2002 *	37,889,900	4,651,724,300	-0-	-0-	1,107,182,800	39,127,100	53,204,200	5,889,128,300	7,903,700	5,897,032,000	416,210,100	0.78	5,899,981,991
2003	35,475,200	4,689,783,700	-0-	-0-	1,102,369,700	38,800,100	53,204,200	5,919,632,900	7,618,243	5,927,251,143	416,957,800	0.89	6,441,264,011
2004	24,829,200	4,709,639,800	-0-	-0-	1,095,337,500	38,737,300	52,751,500	5,921,295,300	6,860,435	5,928,155,735	424,168,500	0.98	6,979,496,633
2005	38,494,800	4,769,923,800	-0-	-0-	1,056,553,000	38,446,400	52,560,200	5,955,978,200	6,490,169	5,962,468,369	424,185,500	1.02	7,608,355,709
2006	50,871,500	4,783,426,000	-0-	-0-	992,953,900	38,646,400	52,560,200	5,918,458,000	5,681,047	5,924,139,047	426,681,000	1.08	7,582,715,571
2007	50,171,400	6,700,006,700	-0-	-0-	1,499,525,400	46,886,300	69,207,300	8,365,797,100	6,674,924	8,372,472,024	482,732,800	0.81	8,220,328,641
2008	53,816,500	6,711,349,000	-0-	-0-	1,421,030,800	48,538,600	69,207,300	8,303,942,200	6,894,255	8,310,836,455	482,317,100	0.85	8,642,624,056
2009	44,464,600	6,718,098,500	-0-	-0-	1,367,681,100	48,538,600	67,973,200	8,246,756,000	7,848,236	8,254,604,236	494,661,700	0.88	8,995,863,378

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

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

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

* Revaluation became effective in this year.

MILLBURN TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Millburn Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General		Total Direct	Millburn Township	Essex County	
	Basic Rate ^a	Obligation Debt Service ^b				
2000	\$ 2.04		\$ 2.04	\$ 1.07	\$ 1.81	\$ 4.92
2001	2.32		2.32	1.07	1.85	5.24
2002	* 0.74	\$ 0.04	0.78	0.33	0.57	1.68
2003	0.84	0.05	0.89	0.38	0.59	1.86
2004	0.92	0.06	0.98	0.42	0.57	1.97
2005	0.96	0.06	1.02	0.47	0.56	2.05
2006	1.02	0.06	1.08	0.50	0.54	2.12
2007	0.77	0.05	0.81	0.39	0.38	1.58
2008	0.79	0.06	0.85	0.42	0.40	1.67
2009	0.83	0.05	0.88	0.44	0.43	1.75

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

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

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

* Revaluation became effective in this year.

Source: Millburn Township Tax Collector and School Business Administrator.

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

Taxpayer	2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 720,000,000	1	8.72%
Short Hills Hilton LLC	75,960,000	2	0.92%
Reckson Short Hills LLC	64,161,100	3	0.78%
101/103 JFK Parkway Special LLC Corp	50,000,000	4	0.61%
Mack- Cali Realty Corp	38,705,200	5	0.47%
Prima III LLC/ Bollard Group	19,857,700	6	0.24%
Cande Brook Country Club	19,385,000	7	0.23%
Stone Mountain Properties	17,840,700	8	0.22%
A&R Millburn Associates/ Ackerman	17,223,100	9	0.21%
MSS Millburn Realty Co.	17,193,900	10	0.21%
Total	<u>\$ 1,040,326,700</u>		<u>12.60%</u>

Taxpayer	2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

INFORMATION NOT AVAILABLE

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy ^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2003	\$ 49,916,048	\$ 49,916,048	100.00%	-0-
2004	54,638,197	54,638,197	100.00%	-0-
2005	59,915,199	59,915,199	100.00%	-0-
2006	61,441,644	61,441,644	100.00%	-0-
2007	65,730,269	65,730,269	100.00%	-0-
2008	68,993,148	68,993,148	100.00%	-0-
2009	72,202,849	72,202,849	100.00%	-0-
2010	73,699,288	73,699,288	100.00%	-0-

^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.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Bond Anticipation Notes (BANs)			
2001	\$ 36,051,500	\$ -0-	\$ 36,051,500	4.80%	\$ 1,830
2002	32,223,000	-0-	32,223,000	4.32%	1,640
2003	43,729,000	-0-	43,729,000	5.75%	2,242
2004	42,389,000	-0-	42,389,000	5.26%	2,197
2005	40,564,000	4,600,000	45,164,000	5.43%	2,369
2006	38,714,000	600,000	39,314,000	4.37%	2,091
2007	58,474,000	-0-	58,474,000	6.27%	3,144
2008	56,364,000	-0-	56,364,000	5.91%	3,051
2009	53,409,000	-0-	53,409,000	5.58%	2,880
2010	50,389,000	-0-	50,389,000	5.26%	2,717

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	\$ 36,051,500	\$ -0-	\$ 36,051,500	2.10%	\$ 1,830
2002	32,223,000	-0-	32,223,000	1.87%	1,640
2003	43,729,000	-0-	43,729,000	0.74%	2,242
2004	42,389,000	-0-	42,389,000	0.72%	2,197
2005	40,564,000	-0-	40,564,000	0.68%	2,128
2006	38,714,000	-0-	38,714,000	0.65%	2,059
2007	58,474,000	-0-	58,474,000	0.99%	3,144
2008	56,364,000	-0-	56,364,000	0.67%	3,051
2009	53,409,000	-0-	53,409,000	0.64%	2,880
2010	50,389,000	-0-	50,389,000	0.61%	2,717

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

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

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2009
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Township of Millburn	\$ 14,589,242	100.000%	\$ 14,589,242
Essex County General Obligation Debt	65,578,242	9.393%	<u>6,159,507</u>
Subtotal, Overlapping Debt			20,748,749
Millburn Township School District Direct Debt			<u>50,989,000</u>
Total Direct and Overlapping Debt			<u>\$ 71,737,749</u>

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

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

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

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

	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 205,283,424	\$ 235,478,351	\$ 257,286,568	\$ 280,059,900	\$ 302,430,897	\$ 325,056,078	\$ 346,075,249	\$ 357,761,922
Total Net Debt Applicable to Limit	43,729,000	42,389,000	40,564,000	38,714,000	58,474,000	56,364,000	53,409,000	50,389,000
Legal Debt Margin	<u>\$ 161,554,424</u>	<u>\$ 193,089,351</u>	<u>\$ 216,722,568</u>	<u>\$ 241,345,900</u>	<u>\$ 243,956,897</u>	<u>\$ 268,692,078</u>	<u>\$ 292,666,249</u>	<u>\$ 307,372,922</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	21.30%	18.00%	15.77%	13.82%	19.33%	17.34%	15.43%	14.08%

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis	
2009	\$ 8,987,310,375
2008	9,176,512,260
2007	8,668,321,521
	<u>\$26,832,144,156</u>
Average Equalized Valuation of Taxable Property	\$ 8,944,048,052
Debt Limit (4% of average equalization value) ^a	357,761,922
Net Bonded School Debt	50,389,000
Legal Debt Margin	<u>\$ 307,372,922</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Essex County Per Capita Personal Income ^b</u>	<u>Millburn Township Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2001	19,701	\$ 38,139	\$ 751,376,439	1.30%
2002	19,644	37,988	746,236,272	1.80%
2003	19,508	38,980	760,421,840	1.80%
2004	19,298	41,737	805,440,626	1.50%
2005	19,062	43,649	832,037,238	2.00%
2006	18,802	47,837	899,431,274	2.10%
2007	18,598	50,146	932,615,308	1.90%
2008	18,476	51,617	953,675,692	2.40%
2009	18,547	51,617 *	957,340,499	4.80%
2010	18,547 **	51,617 *	957,340,499	N/A

* - Latest Essex County per capita personal income available (2008) was used for calculation purposes.

** - Latest population data available (2009) was used for calculation purposes.

N/A - Information is not available.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

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

Employer	2009		
	Employees	Rank	Percentage of Total Employment
Verizon Communications	18,000	1	5.47%
Continental Airlines	14,000	2	4.25%
PSE&G	10,300	3	3.13%
Prudential Financial	8,119	4	2.47%
JP Morgan Chase	5,300	5	1.61%
Horizon Blue. Cross Shield NJ	4,808	6	1.46%
ADP	4,666	7	1.42%
Roche	3,715	8	1.13%
KPMG	2,265	9	0.69%
Ricoh American Corp	1,400	10	0.43%
	72,573		
Total Employment	329,123		
Employer	2000		
	Employees	Rank (Optional)	Percentage of Total Employment

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction:						
Regular	330	337	339	344	350	353
Special education	46	49	52	52	55	54
Other instruction	12	11	12	12	12	12
Support Services:						
Student & Instruction Related Services	141	142	148	147	150	146
School Administration	30	30	30	29	29	29
General Administration	4	4	4	4	4	4
Plant Operations and Maintenance	125	128	136	133	134	132
Pupil Transportation	18	19	19	17	18	17
Food Service	18	18	18	18	19	19
Total	<u>724</u>	<u>738</u>	<u>758</u>	<u>756</u>	<u>771</u>	<u>766</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Personnel Records.

MILLBURN TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST SIX FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	Senior High School				
2005	4,421	\$ 63,485,560	\$ 14,360	6.96%	362	1:20	1:23	1:20	4,421	4,191	0.00%	94.80%
2006	4,573	66,812,304	14,610	1.74%	370	1:20	1:23	1:20	4,573	4,330	3.44%	94.69%
2007	4,583	72,971,837	15,922	8.98%	377	1:20	1:23	1:20	4,583	4,348	0.22%	94.87%
2008	4,669	76,101,119	16,299	2.37%	380	1:20	1:23	1:21	4,669	4,436	1.88%	95.01%
2009	4,770	77,677,143	16,285	-0.09%	388	1:20	1:23	1:21	4,770	4,521	2.16%	94.78%
2010	4,818	80,238,877	16,654	2.27%	397	1:20	1:20	1:22	4,818	4,580	1.01%	95.06%

Note: Enrollment based on annual October District count.

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

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

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District records.

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

District Building	2005	2006	2007	2008	2009	2010
Deerfield Elementary School (1962)						
Square Feet	70,084	70,084	70,084	70,084	70,084	70,084
Capacity (students) - *	500	500	500	500	500	500
Enrollment	496	522	507	492	488	481
Glenwood Elementary School (1938)						
Square Feet	49,243	49,243	49,243	49,243	49,243	49,243
Capacity (students) - *	425	425	425	425	425	425
Enrollment	452	448	475	502	516	529
Hartshorn Elementary School (1958)						
Square Feet	67,999	67,999	67,999	67,999	67,999	67,999
Capacity (students) - *	513	513	513	513	513	513
Enrollment	544	569	558	540	527	504
South Mountain Elementary School (1935)						
Square Feet	49,358	49,358	49,358	49,358	49,358	49,358
Capacity (students) - *	348	348	348	348	348	348
Enrollment	365	353	370	362	357	375
Wyoming Elementary School (1927)						
Square Feet	58,242	58,242	58,242	58,242	58,242	58,242
Capacity (students) - *	343	343	343	343	343	343
Enrollment	305	328	328	305	305	341
Millburn Middle School (1930)						
Square Feet	146,699	146,699	146,699	146,699	146,699	181,908
Capacity (students) - *	966	966	966	966	966	1,094
Enrollment	1,081	1,070	1,064	1,056	1,116	1,111
Millburn High School (1955)						
Square Feet	201,858	201,858	201,858	201,858	201,858	227,619
Capacity (students) - *	1,394	1,394	1,394	1,394	1,394	1,763
Enrollment	1,194	1,283	1,287	1,379	1,392	1,406
Education Center/Board Office (1968)						
Square Feet	14,375	14,375	14,375	14,375	14,375	14,375
Maintenance Building (1968)						
Square Feet	4,500	4,500	4,500	4,500	4,500	4,500

Number of Schools at June 30, 2010:

Elementary = 5
Middle School = 1
High School = 1
Other = 2

Note: Enrollment is based on the annual October District count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Facilities Office.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities*
 Account Number 11-000-261-XXX

Fiscal Year Ended June 30,	Deerfield Elementary School	Glenwood Elementary School	Hartshorn Elementary School	South Mountain Elementary School	Wyoming Elementary School	Millburn Middle School	Millburn High School	Education Center	Total
2001	\$ 76,493	\$ 60,383	\$ 95,672	\$ 64,418	\$ 75,055	\$ 189,908	\$ 267,874		\$ 829,803
2002	87,784	69,296	109,794	73,926	86,134	217,940	307,414		952,288
2003	47,338	50,404	78,633	57,602	69,717	165,463	202,934		672,091
2004	45,258	83,550	51,409	65,283	84,827	108,987	208,987		648,301
2005	80,368	56,692	114,717	72,066	64,298	167,616	228,208		783,965
2006	70,389	118,429	100,318	72,089	77,305	182,365	238,665		859,560
2007	80,520	83,628	79,426	53,974	81,189	180,342	259,444		818,523
2008	81,222	87,343	80,313	64,212	78,485	198,101	322,487		912,163
2009	106,418	84,945	99,414	91,679	96,403	232,091	248,369		959,319
2010	98,194	71,325	85,400	58,876	86,586	219,983	240,492	\$ 22,686	883,542

* School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: Millburn Township School District records.

MILLBURN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2010
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group:		
Commercial Package:		
Property Coverage:		
Building and Contents	\$ 131,279,048	\$ 1,000
Water Damage	250,000	1,000
Computers, Software, Cameras, Musical Instruments	10,000 to	1,000
	3,500,000	
Crime (Employee Dishonesty)	100,000	
General Liability:		
Aggregate	3,000,000	
Occurrence	1,000,000	10,000
Board Members, School District & Educators		
Legal Liability, Extended Coverage		
Aggregate	1,000,000	
Occurrence	2,000,000	
Automobile:		
Liability	1,000,000	
Comprehensive	Actual Cash Value	500
Collision	Actual Cash Value	1,000
Umbrella Liability	15,000,000	10,000
Fireman's Fund Insurance Company:		
Excess Umbrella Liability	50,000,000	
Markel Insurance Company:		
Volunteer Accident- Aggregate	1,000,000	
Accident Medical Expense	10,000	
AD&D	5,000	
Student Athletic Accident:		
Voluntary Student Coverage Excluding Interscholastic Athletics	500,000	
Blanket Athletic Coverage Including All Interscholastic Sports and High School Football	5,000,000	
Public Official Bonds (Utica Mutual Insurance Company):		
School Business Administrator	138,000	
Treasurer	400,000	

Source: Millburn Township School District records.

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Millburn Township School District, in the County of Essex (the "Board") as of, and for the fiscal year ended, June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter that we have reported to the Board in a separate report, the Auditors' Management Report on Administrative Findings – Financial, Compliance, and Performance, dated October 11, 2010.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Nisivoccia & Company, LLP

October 11, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP

Kathryn L. Mantell

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



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct
 and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance
 with OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Millburn Township School District in the County of Essex (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board'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. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Nisivoccia & Company, LLP

NISIVOCCIA & COMPANY LLP

October 11, 2010
Mount Arlington, New Jersey

Kathryn L. Mantell

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Cash Received	Budgetary Expendi- tures	Balance at June 30, 2010		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Carryover/ (Walkover) Amount			Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
U.S. Department of Agriculture:												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/09-6/30/10	\$ 68			\$ 68	\$ (41)		\$ 27		
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	7,673			7,185	(7,673)	\$ (488)			
Total Child Nutrition Cluster/U.S. Department of Agriculture							7,253	(7,714)	(488)	27		
U.S. Department of Labor:												
Passed-through State Department of Education:												
American Recovery and Reinvestment Act												
COBRA Premium Assistance	17.151	N/A	7/1/09-6/30/10	13,117			5,223	(13,117)	(7,894)			
Total U.S. Department of Labor							5,223	(13,117)	(7,894)			
U.S. Department of Education:												
Passed-through State Department of Education:												
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA359010	9/1/09-8/31/10	830,113			520,564	(638,440)	(117,876)			
I.D.E.A. Part B, Basic	84.027	IDEA359009	9/1/08-8/31/09	849,126	(138,870)		383,442	(244,572)				
I.D.E.A. Preschool	84.173	IDEA359010	9/1/09-8/31/10	30,281			18,154	(25,683)	(7,529)			
I.D.E.A. Preschool	84.173	IDEA359009	9/1/08-8/31/09	30,508	(11,247)		11,247					
I.D.E.A. Part B, Basic - ARRA	84.391	ARRA536011	7/1/09-8/31/11	1,053,776			529,386	(532,098)	(2,712)			
I.D.E.A. Preschool - ARRA	84.392	ARRA536011	7/1/09-8/31/11	38,143								
Total Special Education Cluster					(150,117)		1,462,793	(1,440,793)	(128,117)			
No Child Left Behind:												
Title II A	84.367	NCLB359010	9/1/09-8/31/10	58,427			9,382	(17,988)	(8,606)			
Title II A	84.367	NCLB359009	9/1/08-8/31/09	64,520	\$ (9,152)		9,152					
Title III	84.365	NCLB359010	9/1/09-8/31/10	12,979			5,815	(11,614)	(5,799)			
Title III	84.365	NCLB359009	9/1/08-8/31/09	17,638	(5,552)		5,552					
Title III - Immigrant	84.365	NCLB359010	9/1/09-8/31/10	30,969			6,119	(19,176)	(13,057)			
Title IV	84.186	NCLB359010	9/1/09-8/31/10	7,346			\$ 251	(6,702)	(4,755)			
Title IV	84.186	NCLB359009	9/1/08-8/31/09	13,966		\$ 251	(251)					
Title V	84.298	NCLB359009	9/1/08-8/31/09	5,751		687						\$ 687
Title V	84.298	NCLB359008	9/1/07-8/31/08	6,609		600						600
Total U.S. Department of Education					(164,821)	1,538	1,500,509	(1,496,273)	(160,334)			1,287
Total Federal Awards					\$ (164,821)	\$ 1,538	\$ -0-	\$ 1,512,985	\$ (1,517,104)	\$ (168,716)	\$ 27	\$ 1,287

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

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Cancellation of Prior Year Accts Receivable	Balance at June 30, 2010		MEMO	
				Budgetary Accounts Receivable	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund State Aid:													
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	\$ 1,355,619			\$ 1,210,284	\$ (1,355,619)					\$ (145,335)	\$ 1,355,619
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	234,357			209,232	(234,357)					(25,125)	234,357
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	358,827			320,357	(358,827)					(38,470)	358,827
Extraordinary Special Education Costs	10-100-034-5120-473	7/1/09-6/30/10	925,986				(925,986)			\$ (925,986)		(925,986)	925,986
Excess Nonpublic Transportation Cost:	N/A	7/1/09-6/30/10	32,001				(32,001)			(32,001)		(32,001)	32,001
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	2,891,809			2,746,112	(2,891,809)			(145,697)		(145,697)	2,891,809
Special Education Aid	09-495-034-5120-089	7/1/08-6/30/09	2,236,540	\$ (216,915)		216,915							2,236,540
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	346,092	(11,553)		11,553							346,092
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	415,527	(40,301)		40,301							415,527
Extraordinary Special Education Costs	09-100-034-5120-473	7/1/08-6/30/09	1,213,322	(1,213,322)		1,213,322							1,213,322
Excess Nonpublic Transportation Cost:	N/A	7/1/08-6/30/09	48,573	(48,573)		48,573							48,573
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/08-6/30/09	2,763,968	(138,407)		138,407							2,763,968
Subtotal - General Fund				(1,669,071)		6,155,056	(5,798,599)			(1,103,684)		(1,312,614)	12,822,621
Debt Service Fund Aid:													
Debt Service Aid - State Support	10-100-034-5120-125	7/1/09-6/30/10	316,450			316,450	(316,450)						316,450
Subtotal - Debt Service Fund						316,450	(316,450)						316,450
Special Revenue Fund Aid:													
Nonpublic Auxiliary Services:													
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	22,073			22,073	(12,380)				\$ 9,693		12,380
Compensatory Education	09-100-034-5120-067	7/1/08-6/30/09	18,911		\$ 7,664			\$ (7,664)					11,247
Nonpublic Handicapped Services:													
Supplementary Instruction	10-100-034-5120-066	7/1/09-6/30/10	14,336			14,336	(8,521)				5,815		8,521
Supplementary Instruction	09-100-034-5120-066	7/1/08-6/30/09	18,172		6,856			(6,856)					11,316
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	49,319			49,319	(37,572)				11,747		37,572
Corrective Speech	09-100-034-5120-066	7/1/08-6/30/09	50,220		6,882			(6,882)					43,338
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	52,442			52,442	(43,117)				9,325		43,117
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	54,768		8,344			(8,344)					46,424
N.J. Nonpublic Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	33,527			33,527	(25,548)				7,979		25,548
N.J. Nonpublic Textbook Aid	09-100-034-5120-064	7/1/08-6/30/09	29,566		3,070			(3,070)					26,496
N.J. Nonpublic Nursing Aid	10-100-034-5120-070	7/1/09-6/30/10	39,757			39,757	(39,757)						39,757
N.J. Nonpublic Technology Initiative	09-100-034-5120-373	7/1/08-6/30/09	20,680		297			(297)					20,383
Subtotal - Special Revenue Fund					33,113	211,454	(166,895)	(33,113)			44,559		326,099

TOWNSHIP OF MILLBURN SCHOOL DISTRICT
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Budgetary Expenditures	Repayment of Prior Years' Balances	Cancellation of Prior Year Accts Receivable	Balance at June 30, 2010		MEMO			
				Budgetary Accounts Receivable	Due to Grantor	Cash Received				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures		
State Department of Education:															
Food Service Fund:															
State School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	\$ 564			\$ 518	\$ (564)			\$ (46)		\$ (46)	\$ 564		
Subtotal - Food Service Fund						518	(564)			(46)		(46)	564		
Total State Department of Education						\$ (1,669,071)	\$ 33,113	6,683,478	(6,282,508)	\$ (33,113)		(1,103,730)	\$ 44,559	(1,312,660)	13,465,734
NJ Schools Development Authority:															
Capital Projects Fund:															
Educational Facilities Construction and Financing Act:															
Glenwood Elementary School	SP202998	N/A	958,832	(186,972)						(186,972)		(186,972)	771,860		
Millburn Senior High School	SP3190-050-04-00MC	N/A	360,076	(152,901)					\$ 136,816	(16,085)		(16,085)	360,076		
Total NJ Schools Development Authority						(339,873)				136,816		(203,057)		(203,057)	1,131,936
Total State Awards						\$ (2,008,944)	\$ 33,113	\$ 6,683,478	\$ (6,282,508)	\$ (33,113)	\$ 136,816	\$ (1,306,787)	\$ 44,559	\$ (1,515,717)	\$ 14,597,670

N/A - Not Applicable/Available

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include all of the federal and state award activity of the Board of Education, Millburn Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$59,839 for the General Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General Fund. Additionally, the schedule of expenditures of state awards does not include the TPAF Non-Contributory Insurance and on-behalf TPAF Post Retirement Contributions revenue of \$125,775 and \$2,362,237 respectively. The schedule of expenditures of federal awards includes \$13,117 of ARRA Cobra Premium Assistance, which is not separately reflected as revenue in the District's basic financial statements. Revenue from federal and state awards is reported in the Board's basic financial statements on the GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 8,346,450	\$ 8,346,450
Special Revenue Fund	\$ 1,496,273	166,895	1,663,168
Debt Service Fund		316,450	316,450
Food Service Fund	7,714	564	8,278
Total Awards	<u>\$ 1,503,987</u>	<u>\$ 8,830,359</u>	<u>\$ 10,334,346</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2010.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The district has been awarded grants totaling \$1,318,908 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2010, the District has expended and drawn down \$1,115,851 of the grant funds. In the Capital Projects Fund, the District realized the full amount of the grant funds as revenue on a budgetary basis in the year awarded and is realizing the grant funds as revenue on a GAAP basis when grant funds are expended and submitted for reimbursement.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's major federal and state programs for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	9/1/09-8/31/10	\$ 830,113	\$ 638,440
I.D.E.A. Part B, Basic	84.027	9/1/08-8/31/09	849,126	244,572
I.D.E.A. Preschool	84.173	9/1/09-8/31/10	30,281	25,683
I.D.E.A. Part B, Basic - ARRA	84.391	7/1/09-8/31/11	1,053,776	532,098
<u>State:</u>				
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	1,355,619	1,355,619
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	234,357	234,357
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	358,827	358,827

- The threshold for distinguishing federal and state Type A and Type B programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

Summary of Auditors' Results: (Cont'd)

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB Circular NJOMB 04-04.

MILLBURN TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

The District had no prior year audit findings.