

MILFORD BOROUGH
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**MILFORD BOROUGH BOARD OF EDUCATION
MILFORD BOROUGH, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Prepared by

**MILFORD BOROUGH BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION**

**MILFORD BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS**

INTRODUCTORY SECTION	<u>PAGE</u>
Letter of Transmittal	2
Organizational Chart	3
Roster of Officials	4
Consultants and Advisors	5
FINANCIAL SECTION	
Independent Auditor's Report	7-8
Required Supplementary Information – Part I	
Management's Discussion and Analysis	10
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Assets	13
A-2 Statement of Activities	14
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	16-17
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	18-19
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Funds:	
B-4 Statement of Net Assets	21
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	22
B-6 Statement of Cash Flows	23
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	24
B-8 Statement of Changes in Fiduciary Net Assets	25
Notes to the Financial Statements	27-46
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule-General Fund	49-54
C-1A Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual	55
C-1B Education Jobs Fund-Budget and Actual	56
C-2 Budgetary Comparison Schedule-Special Revenue Fund	57
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	59

**MILFORD BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

	<u>PAGE</u>
FINANCIAL SECTION (Continued)	
Other Supplemental Information	
D. School Level Schedule	61
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund-Budgetary Basis	63
F. Capital Projects Fund:	
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis	65
F-1A Schedule of Project Revenues, Expenditures, Project Balance and Project Status	66
G. Proprietary Funds	
Enterprise Fund:	
G-1 Statement of Fund Net Assets	68
G-2 Statement of Revenues, Expenses and Changes in Fund Net Assets	69
G-3 Statement of Cash Flows	70
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Fund Net Assets	72
H-2 Statement of Changes in Fiduciary Net Assets	73
H-3 Student Activity Agency Fund Statement of Changes in Assets and Liabilities	74
H-4 Payroll Agency Fund Statement of Changes in Assets and Liabilities	75
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds and Loans Payable	77
I-2 Schedule of Obligations Under Capital Leases	78
I-3 Debt Service Fund Budgetary Comparison Schedule	79
STATISTICAL SECTION (Unaudited)	
Table of Contents	81
J-1 Net Assets by Component	82
J-2 Changes in Net Assets	83-85
J-3 Fund Balances, Governmental Funds	86
J-4 Changes in Fund Balances, Governmental Funds	87
J-5 General Fund-Other Local Revenues by Source	88
J-6 Assessed Value and Actual Value of Taxable Property	89
J-7 Direct and Overlapping Property Tax Rates	90
J-8 Principal Property Taxpayers	91
J-9 Property Tax Levies and Collections	92

**MILFORD BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

PAGE

**STATISTICAL SECTION (Unaudited)
(Continued)**

Table of Contents (Cont'd)

J-10	Ratios of Outstanding Debt by Type	93
J-11	Ratios of General Bonded Debt Outstanding	94
J-12	Direct and Overlapping Governmental Activities Debt	95
J-13	Legal Debt Margin Information	96
J-14	Demographic and Economic Statistics	97
J-15	Principal Employers	98
J-16	Full Time Equivalent District Employees by Function/Program	99
J-17	Operating Statistics	100
J-18	School Building Information	101
J-19	Required Maintenance	102
J-20	Insurance Schedule	103

SINGLE AUDIT SECTION

K-1	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	105-106
K-2	Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-33 and New Jersey OMB Circular 04-04	107-108
K-3	Schedule of Expenditures of Federal Awards, Schedule A	109
K-4	Schedule of Expenditures State Financial Assistance, Schedule B	110
K-5	Notes to the Schedules of Awards and Financial Assistance	111-112
K-6	Schedule of Findings and Questioned Costs	113-115
K-7	Summary Schedule of Prior Audit Findings	115

INTRODUCTORY SECTION

MILFORD ELEMENTARY SCHOOL DISTRICT
7 HILLSIDE AVENUE
MILFORD, NEW JERSEY 08848
Phone (908) 995-4349
Fax (908) 995-4310

Edward Stoloski
Chief School Administrator

Susan Schaffner
*Business Administrator/
Board Secretary*

November 30, 2011

Honorable President and
Members of the Board of Education
Milford Elementary School District
Hunterdon County, New Jersey

The comprehensive annual financial report of the Milford Elementary School District for the fiscal year ended June 30, 2011, 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 Milford Board of Education. 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 financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial schedules, as well as the auditor's report thereon. 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 of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and New Jersey 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report of the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Milford School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Frenchtown Board of Education and the school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. This includes regular, as well as special education for special need students. The District completed the 2010-11 fiscal year with an enrollment of 117 students, which is above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last eight years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percentage Change
-----	-----	-----
2001-2002	138.9	6.33%
2002-2003	120.4	(13.32%)
2003-2004	111.0	(7.90%)
2004-2005	117.0	5.40%
2005-2006	117.3	0.00%
2006-2007	113.5	(3.34%)
2007-2008	114.9	1.22%
2008-2009	103.3	(11.2%)
2009-2010	106.1	2.71
2010-2011	117.1	10.4

2) ECONOMIC CONDITION AND OUTLOOK:

Milford Borough is a small town nestled in the hills of Hunterdon County. It sits on the banks of the Delaware River. Across the river is its nearest neighboring community Upper Black Eddy, Pennsylvania. The Borough has a small downtown section, which adds to the charm of the community. The town hosts four local churches, a post office and a compliment of small business establishments. Among them a bank, drug store, appliance store, a hairdressing salon and furniture store. Many originated as family businesses

The one major employer in town, Crown Vantage Paper Company, closed its doors for good on June 30, 2003. The facility represents sixteen (16%) percent of the ratables in Milford Borough. Hopefully a new corporation will offset the losses sustained in property taxes with the departure of Crown Vantage.

3.) MAJOR INITIATIVES:

As a small rural school, there are numerous financial challenges facing our district. Escalating costs of expenditures beyond our control such as health benefits and special-education costs, coupled with minimal state aid and budget caps resulted in budgeting difficulties. Needless to say the district has made many efforts at cost containment. Teachers have the opportunity to decline participation in the state health benefits program and receive a stipend for not taking benefits. The implementation of numerous shared service arrangements with neighboring districts are among our most important practices. At this time with one district we share a business administrator and a world language teacher. We eliminated the technology teacher and classroom teachers have had to assume this additional responsibility. We also use their food service provider as a shared service whereby our daily lunches are delivered to our building as a satellite, as well as share transportation services. Furthermore, with another district we share the services of their Chief School Administrator, Child Study Team and website management. In addition, we use Hunterdon County Educational Services Commission as a shared service for technology.

Due to our low enrollment in one grade it was necessary to place our first and second graders in a combined 1/2 classroom with one teacher.

In addition, we have increased our preschool program to include parent-paid regular education students to increase our revenues, as well as offer a service to the community.

In conclusion, the Milford School District continues to commit itself to financial excellence which it has enjoyed for many years. The school district's system for financial planning, budgeting, and internal financial controls are well regarded as evidenced by the lack of any major audit recommendations. The school district plans to continue its sound financial practices in order to meet the demands and challenges that will be placed on small school districts in the future.

4.) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft 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 structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with

applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district management.

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

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 re-appropriations of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management for the fiscal year ended June 30, 2011.

<u>Revenues</u>	Amount 2010-11	% of Total	Increase/ (Decrease) from 09-10	%Increase (Decrease)
Local Sources				
Taxes	\$1,693,885	79.96	\$ 43,034	2.61
Debt	47,761	2.25	36,785	335.14
Other	71,305	3.37	17,924	33.58
State Sources	231,565	10.93	(72,836)	-23.93
Federal Sources	<u>73,962</u>	<u>3.49</u>	<u>(10,596)</u>	-12.53
Total	\$2,118,478	100.00	\$ 14,311	0.68

Expenditures

General Fund:

Current Expense	\$1,948,431	94.05	\$ (53,648)	-2.68
Capital Outlay	1,405	.07	1,405	
Special Revenues	73,962	3.57	16,270	28.20
Debt Service				
Principal	25,210	1.22	25,000	*
Interest	<u>22,592</u>	<u>1.09</u>	<u>10,204</u>	*
Total	\$2,071,600	100.00	\$ (769)	-0.04

*not measurable due to new bond issue in 2009

Note: Excludes “on behalf” payments, lease purchase acquisitions and capital projects.

The funding formula from the State of New Jersey, Department of Education established the above maximum permitted net budget, dictated the amount of fund balance the district could maintain and reduced the amount of unrestricted state aid received. Within these constraints, the Frenchtown Board of Education provided a thorough and efficient education in alignment with the emerging core curriculum standards.

8) DEBT ADMINISTRATION: At June 30, 2011 the District had outstanding debt issues of \$455,632 at an interest rate of 5.125%. The District also had \$190,400 of authorized, unissued debt on June 30, 2011 which represents state aid not yet received for the school construction project.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 3. The District has adopted a cash management plan which requires it to deposit funds in public depositories protect from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted 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.

10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

11) OTHER INFORMATION:

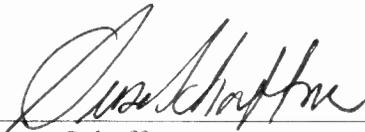
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William M. Colantano, Jr., CPA, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, and the related OMB Circular A-133 New Jersey 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to single audit are included in the single audit section of this report.

12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of Milford School 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 services of our financial staff.

Respectfully submitted,

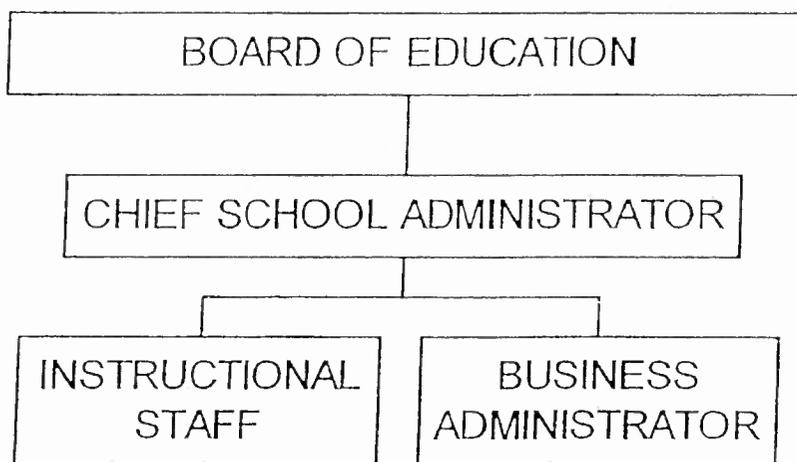


Edward Stoloski
Chief School Administrator



Susan Schaffner
Business Administrator/Board Secretary

MILFORD BOROUGH BOARD OF EDUCATION
ORGANIZATIONAL CHART
(UNIT CONTROL)



MILFORD BOROUGH SCHOOL DISTRICT
MILFORD, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2011

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Theresa Kane	President	2014
Elizabeth Johnson	Vice President	2013
Agnes Szwec		2012
Timothy Torrey		2013
Terri Heller		2014
<u>Other Officials</u>		
Edward Stoloski	Superintendent	
Susan Schaffner	Business Administrator/ Board Secretary	
Raymond Krov	Treasurer	
Philip Stern	Attorney	

**MILFORD BOROUGH SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

Audit Firm

William M. Colantano, Jr., CPA

Architects

SSP Architectural Group

Attorney

Philip Stern

Official Depository

PNC Bank

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

November 30, 2011

Honorable President and
Members of the Board of Education
Milford Borough School District
County of Hunterdon, 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 Milford Borough School District in the County of Hunterdon, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Milford Borough Board of Education management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Milford Borough Board of Education in the County of Hunterdon, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable 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 a report dated November 30, 2011 on our consideration of the Milford Borough Board of Education'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 Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic 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 inquires 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 performed for the purpose of forming an opinion on the financial statements that collectively comprise the Milford Borough Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules 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 tables 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.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

MILFORD BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011 Unaudited

The discussion and analysis of Milford School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets increased \$86,833, which represents a .17.60% increase from 2010.
- General revenues accounted for \$ 2,095,208. in revenue or 92.76 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$ 163,608 or 7.24 percent of total revenues of \$2,258,816.
- Total assets of governmental activities increased by \$18,119. As cash and cash equivalents decreased by \$70,596., receivables and other assets increased by \$8,934 and capital assets increased by \$79,781.
- The School District had \$2,171,983. in expenses; only \$163,608 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$ 2,095,208, were adequate to provide for these expenses.
- Among major funds, the General Fund had \$ 2,107,995. in revenues and \$2,050,466. in expenditures. The General Fund's balance increased \$57,529 over 2010.

MILFORD BOARD OF EDUCATION

Management's Discussion and Analysis for the
Fiscal year Ended June 30, 2011 Unaudited

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Milford School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Milford School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial position of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

MILFORD BOARD OF EDUCATION

Management Discussion and Analysis for the Fiscal Year Ended June 30, 2011 Unaudited

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the school district's programs and services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extra curricular activities.

- Governmental activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begin on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the school district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

MILFORD BOARD OF EDUCATION

Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2011 Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

Table 1
Net Assets

	6/30/2011	6/30/2010	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$ 263,143	\$ 329,962	\$ (66,819)	-20.25%
Capital Assets	853,468	769,762	83,706	10.87%
Total Assets	1,116,611	1,099,724	16,887	1.54%
LIABILITIES				
Long Term Liabilities	514,161	553,912	(39,751)	-7.18%
Other Liabilities	22,341	52,536	(30,195)	-57.47%
Total Liabilities	536,502	606,448	(69,946)	-11.53%
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	357,003	238,920	118,083	49.42%
Restricted	(144,437)	(89,296)	(55,141)	61.75%
Unrestricted	367,543	343,652	23,891	6.95%
	<u>\$580,109</u>	<u>\$493,276</u>	<u>\$86,833</u>	17.60%

MILFORD BOARD OF EDUCATION
Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2011 Unaudited

Total assets increased \$16,887. Cash and cash equivalents decreased by \$78,103, receivables and other assets increased by \$11,284 and capital assets increased by \$83,701. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$23,891. due to a reduction in expenditures.

Table 2 shows changes in net assets for fiscal year 2011.

Table 2
Changes on Net Assets

	6/30/2011	6/30/2010	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 81,880	\$ 54,968	\$ 26,912	48.96%
Operating Grants	81,728	64,672	17,056	26.37%
Capital Grants	0	96,000	(96,000)	-100.00%
General Revenues:				
Property Taxes	1,741,646	1,661,827	79,819	4.80%
Unrestricted Grants	342,642	434,125	(91,483)	-21.07%
Capital Grant-Unrestricted	0	0	0	
Other	10,920	19,002	(8,082)	-42.53%
Total Revenues	2,258,816	2,330,594	(71,778)	-3.08%
PROGRAM EXPENSES				
Instruction:				
Regular	802,131	805,715	(3,584)	-.44%
Special	258,421	283,355	(24,934)	-8.80%
Other	18,207	14,169	4,038	28.50%
Support Services:				
Tuition	170,910	194,963	(24,053)	-12.34%
Student & Instructional Staff	384,545	382,355	2,270	0.59%
General & Business Administration	141,342	124,291	17,123	13.78%
School Administration	43,577	43,214	363	0.84%
Maintenance	162,360	149,970	12,390	8.26%
Transportation	140,387	167,303	(26,916)	49.73%
Food Service	34,277	35,437	(1,160)	-16.09%
Interest on Long Term Debt	15,826	37,492	(21,667)	*%
Total Expenses	2,171,983	2,238,113	(66,130)	-2.95%
Increase (Decrease) in Net Assets	\$ 86,833	\$ 92,481	\$ (66,130)	-6.11%
*Not measurable due to bond issue in 2009				

MILFORD BOARD OF EDUCATION

Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2011 Unaudited

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 80.35 percent of revenues for governmental activities for the Milford School District for fiscal year 2011.

Instruction comprises 49.66 percent of district expenses. Support service expenses and debt service make up 50.34 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

TABLE 3
COST OF GOVERNMENTAL SERVICES

	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Instruction	\$ 1,078,759	\$1,103,239	\$ 1,000,182	\$ 1,043,027
Support Services:				
Tuition	170,910	194,963	129,869	194,963
Student & Instructional Staff	384,545	382,275	374,157	349,530
General & Business Administration	141,342	124,219	141,342	124,219
School Administration	43,577	43,214	43,577	43,214
Plant Operations & Maintenance	162,360	149,970	158,017	149,970
Pupil Transportation	140,387	167,303	140,387	167,303
Food Services	34,277	35,437	5,018	35,437
Interest on Long Term Debt	15,826	37,493	15,826	37,493
	<u>\$ 2,171,983</u>	<u>\$ 2,238,113</u>	<u>\$ 2,008,375</u>	<u>\$ 2,118,473</u>

MILFORD BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011 Unaudited

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school activities, as provided by State law.

Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities general revenue support is 92.76 percent. The community, as a whole, is the primary support for the Milford Public School District.

The Schools District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$2,229,554 and expenditures of \$2,272,165. The net negative change in fund balance for the year was most significant in the Capital Projects, a decrease of \$100,140.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

MILFORD BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011 Unaudited

During the course of fiscal year 2011, the School District amended its General Fund budget as needed. The School district uses program based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general Fund, budget basis revenue and other financing sources was \$62,226, over the original budgeted estimates of \$1,934,692. This difference was due primarily to additional sources of revenue (miscellaneous and extraordinary aid).

Capital Assets

At the end of the fiscal year 2011, the School District had 853,468 invested in land, building, furniture and equipment and vehicles. Table 4 shows fiscal year 2011 compared to 2010.

TABLE 4
CAPITAL ASSETS (NET OF DEPRECIATION)

	6/30/2011	6/30/2010	VARIANCE	
			Dollars	Percent
Land	\$ 26,248	\$ 26,248	\$ -	
Construction In Progress	0	673,886	(673,886)	-100.00%
Land Improvements	2,564	3,590	(1,026)	-28.58%
Buildings & Improvements	772,246	9,605	762,641	7,940.04%
Machinery & Equipment	52,410	56,443	(4,023)	-7.13%
	<u>\$ 853,468</u>	<u>\$ 769,762</u>	<u>\$ 83,706</u>	10.87%

Overall capital assets increased \$83,706 from fiscal year 2010 to fiscal year 2011. Increases in capital assets(primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year.

MILFORD BOARD OF EDUCATION

Management’s Discussion and Analysis for the
Fiscal Year Ended June 30, 2011 Unaudited

Debt Administration

At June 30, 2011, the School District had \$514,161 of outstanding debt. Of this amount, \$17,696. is for compensated absences, \$455,632 for bonds for school improvements.

At June 30, 2011, the School District’s overall legal debt margin was \$4,571,348 and the unvoted debt margin was \$3,925,316.

TABLE 5
OUTSTANDING DEBT AT YEAR END

	6/30/2011	6/30/2010	VARIANCE	
			Dollars	Percent
2009 Bond Issue	\$ 455,000	\$ 480,000	\$-25,000	-5.21%
2001 General Obligation Bonds	632	842	-210	-24.94%
	<u>\$ 455,632</u>	<u>\$ 480,842</u>	<u>\$-25,210</u>	<u>-5.24%</u>

For the Future

The Milford District is in fair financial condition presently. The school district is proud of its community support of the public school. A major concern is the increased reliance on local property taxes.

As a small rural school, there are numerous financial challenges facing our district. Escalating costs of expenditures beyond our control such as health benefits and special-education costs, coupled with minimal state aid and budget caps resulted in budgeting difficulties. Needless to say the district has made many efforts at cost containment. Teachers have the opportunity to decline participation in the state health benefits program and receive a stipend for not taking benefits. The implementation of numerous shared service arrangements with neighboring districts are among our most important practices. At this time with one district we share a business administrator, and a world language teacher. We eliminated the technology teacher and classroom teachers have had to assume this additional responsibility. We also use their food service provider as a shared service whereby our daily lunches are delivered to our building as a satellite, as well as share transportation services. Furthermore, with another district we share the services of their Chief School Administrator, Child Study Team and website management. In addition, we use Hunterdon County Educational Services

MILFORD BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011 Unaudited

Commission as a shared service for technology.

Due to our low enrollment it was necessary to place our first and second graders in a combined 1/2 classroom with one teacher.

In addition, we have increased our preschool program to include parent-paid regular education students to increase our revenues, as well as offer a service to the community.

In conclusion, the Milford School District continues to commit itself to financial excellence which it has enjoyed for many years. The school district's system for financial planning, budgeting, and internal financial controls are well regarded as evidenced by the lack of any major audit recommendations. The school district plans to continue its sound financial practices in order to meet the demands and challenges that will be placed on small school districts in the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact: Susan Schaffner School Business Administrator, Milford School District, 7 Hillside Avenue., Milford, NJ 08848 (908) 995-4349.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Govern- mental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 73,627	\$ 2,240	\$ 75,867
Receivables, Net	119,719		119,719
Internal Balances	(4,086)	4,086	
Inventory		120	120
Bond Issuance Costs, Net	22,437		22,437
Restricted Assets:			
Cash	45,000		45,000
Capital Assets, Net (Note 4)	849,100	4,368	853,468
Total Assets	<u>1,105,797</u>	<u>10,814</u>	<u>1,116,611</u>
LIABILITIES			
Deferred Revenue	10,915	120	11,035
Accrued Interest	11,306		11,306
Long-Term Liabilities (Note 5):			
Due Within One Year	34,776		34,776
Due Beyond One Year	461,689		461,689
Compensated Absences Payable	17,696		17,696
Total Liabilities	<u>536,382</u>	<u>120</u>	<u>536,502</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	352,635	4,368	357,003
Restricted For:			
Capital Reserve	45,000		45,000
Capital Project	(189,437)		(189,437)
Unrestricted	<u>361,217</u>	<u>6,326</u>	<u>367,543</u>
TOTAL NET ASSETS	<u><u>\$ 569,415</u></u>	<u><u>\$ 10,694</u></u>	<u><u>\$ 580,109</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
Government Activities:								
Instruction:								
Regular	\$ 614,998	\$ 187,133	\$ 35,189	\$ 19,080		\$ (747,862)		\$ (747,862)
Special Education	190,987	67,434	21,064	3,244		(234,113)		(234,113)
Other Instruction	16,372	1,835				(18,207)		(18,207)
Support Services:								
Tuition	170,910			41,041		(129,869)		(129,869)
Students & Instruction Related Services	341,826	42,719		10,388		(374,157)		(374,157)
General & Business Administrative Services	137,788	3,554				(141,342)		(141,342)
School Administrative Services	34,583	8,994				(43,577)		(43,577)
Plant Operations & Maintenance	128,092	34,268	4,343			(158,017)		(158,017)
Pupil Transportation	127,578	12,809				(140,387)		(140,387)
Interest on Long-Term Debt	15,826					(15,826)		(15,826)
Total Government Activities	1,778,960	358,746	60,596	73,753	\$ -	(2,003,357)	\$ -	(2,003,357)
Business-Type Activities:								
Food Service	34,277		21,284	7,975			(5,018)	(5,018)
Total Primary Government	\$ 1,813,237	\$ 358,746	\$ 81,880	\$ 81,728	\$ -	(2,003,357)	(5,018)	(2,008,375)
			General Revenues					
						1,693,885		1,693,885
						47,761		47,761
						342,642		342,642
						462	3	465
						10,455		10,455
						(4,580)	4,580	
						2,090,625	4,583	2,095,208
						87,268	(435)	86,833
						482,147	11,129	493,276
						\$ 569,415	\$ 10,694	\$ 580,109

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

MILFORD BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents	\$ 71,497		\$ 2,130		\$ 73,627
Receivables from Other Governments:					
State	28,906				28,906
Federal		\$ 83,469			83,469
Other	2,464				2,464
Other Receivables	4,880				4,880
Due from Other Funds	269,871				269,871
Restricted Cash & Equivalents	45,000				45,000
TOTAL ASSETS	\$ 422,618	\$ 83,469	\$ 2,130	\$ -	\$ 508,217
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds	\$ 4,086	\$ 78,304	\$ 191,567		\$ 273,957
Deferred Revenue	5,750	5,165			10,915
Total Liabilities	9,836	83,469	191,567	\$ -	284,872

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Capital Reserve Account	\$ 45,000				\$ 45,000
Designated for Subsequent Year's Expenditures			\$ (190,318)		(190,318)
Committed Fund Balance:					
Year End Encumbrances	158,252				158,252
Unassigned Fund Balance	209,530		881		210,411
Total Fund Balances	412,782	\$ -	(189,437)	\$ -	223,345
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 422,618</u>	<u>\$ 83,469</u>	<u>\$ 2,130</u>	<u>\$ -</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 1,285,940
436,840

849,100

Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds

(514,161)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(11,306)

Bond issuance costs are reported as expenditures in the governmental funds. The cost is and the accumulated amortization is

25,889
3,452

22,437

Total Net Assets of Governmental Activities

\$ 569,415

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,693,885			\$ 47,761	\$ 1,741,646
Tuition-Other School Districts	21,064				21,064
Tuition-Individuals	35,189				35,189
Interest on Investments	459		\$ 3		462
Miscellaneous	14,798				14,798
Total	1,765,395	\$ -	3	47,761	1,813,159
State Sources	342,600			42	342,642
Federal Sources		73,753			73,753
Total Revenues	2,107,995	73,753	3	47,803	2,229,554
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	595,918	19,080			614,998
Special Education Instruction	187,743	3,244			190,987
Other Instruction	16,372				16,372
Support Service & Undistributed Costs:					
Tuition	129,869	41,041			170,910
Student & Instruction Related Services	331,438	10,388			341,826
General & Business Administrative Services	137,788				137,788
School Administrative Services	34,583				34,583
Plant Operations & Maintenance	128,092				128,092
Pupil Transportation	138,920				138,920
Unallocated Benefits	323,758				323,758

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay			\$ 100,143		\$ 100,143
Debt Services:					
Principal				\$ 25,210	25,210
Interest & Other Charges	\$ 1,405			22,593	23,998
Total Expenditures	<u>2,025,886</u>	<u>\$ 73,753</u>	<u>100,143</u>	<u>47,803</u>	<u>2,247,585</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>82,109</u>	<u>-</u>	<u>(100,140)</u>	<u>-</u>	<u>(18,031)</u>
Other Financing Sources (Uses):					
Operating Transfers (Out)-Cafeteria	(4,580)				(4,580)
Operating Transfers (Out)-State Unemployment	(20,000)				(20,000)
Total Other Financing Sources (Uses)	<u>(24,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,580)</u>
Net Change in Fund Balance	57,529	-	(100,140)	-	(42,611)
Fund Balances, July 1	<u>355,253</u>	<u>-</u>	<u>(89,297)</u>	<u>-</u>	<u>265,956</u>
Fund Balances, June 30	<u>\$ 412,782</u>	<u>\$ -</u>	<u>\$ (189,437)</u>	<u>\$ -</u>	<u>\$ 223,345</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	(42,611)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses:		
Capital Outlays	\$	100,143
Depreciation Expense		<u>(20,362)</u>
		79,781
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Bond Principal Payments		25,210
Loan Principal Payments		<u>9,167</u>
		34,377
Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Issuance Costs		(1,726)
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		
		12,073
In the statement of activities, compensated absences & early retirement benefits 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>5,374</u>
Change in Net Assets of Governmental Activities	\$	<u>87,268</u>

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Food Service Total</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 2,240
Interfund Receivable	4,086
Inventory	120
Total Current Assets	<u>6,446</u>
Noncurrent Assets:	
Capital Assets	20,433
Less: Accumulated Depreciation	<u>16,065</u>
Total Noncurrent Assets	<u>4,368</u>
Total Assets	<u>10,814</u>
LIABILITIES	
Current Liabilities:	
Deferred Revenues	<u>120</u>
Total Liabilities	<u>120</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	4,368
Unrestricted	<u>6,326</u>
TOTAL NET ASSETS	<u>\$ 10,694</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Food Service Total</u>
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 15,237
Daily Sales-Nonreimbursable Programs	6,047
Total Operating Revenues	<u>21,284</u>
Other Expenses:	
Costs of Sales	25,301
Salaries	4,612
Employee Benefits	662
Insurance	827
Management Fees	2,000
Other Purchased Services	168
Miscellaneous	52
Depreciation	655
Total Operating Expenses	<u>34,277</u>
Operating Income (Loss)	<u>(12,993)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	346
Federal Sources:	
National School Lunch Program	6,471
Food Distribution Program	1,158
Interest Income	3
Total Nonoperating Revenues (Expenses)	<u>7,978</u>
Other Financing Sources:	
Operating Transfer In	4,580
Total Other Financing Sources	<u>4,580</u>
Change in Net Assets	(435)
Net Assets, Beginning	<u>11,129</u>
Net Assets, Ending	<u>\$ 10,694</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Total
Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (12,993)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided by (Used For) Operating Activities:	
Depreciation	655
Federal Food Distribution Program	1,157
(Increase) Decrease in Interfund Receivable	(2,735)
(Increase) Decrease in Inventory	1
Increase (Decrease) in Accounts Payable	(795)
Net Cash Provided by (Used For) Operating Activities	(14,710)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State & Federal Reimbursements	7,200
Operating Transfer In	4,580
Net Cash Provided by (Used For) Noncapital Financing Activities	11,780
Cash Flows from Investing Activities:	
Interest Income	3
Acquisition of Capital Assets	(4,580)
Net Cash Provided by (Used For) Investing Activities	(4,577)
Net Increase (Decrease) in Cash and Cash Equivalents	(7,507)
Cash and Cash Equivalents, July 1, 2010	9,747
Cash and Cash Equivalents, June 30, 2011	\$ 2,240

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 21,679	\$ 13,904	\$ 3,347
TOTAL ASSETS	21,679	\$ 13,904	\$ 3,347
LIABILITIES			
Due to Student Groups		\$ 13,904	
Payroll Deductions & Withholdings			\$ 3,347
TOTAL LIABILITIES	-	\$ 13,904	\$ 3,347
NET ASSETS	\$ 21,679		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 2,849
Investment Earnings-Interest	4
Total Additions	<u>2,853</u>
DEDUCTIONS	
Unemployment Claims	<u>3,825</u>
	(972)
Other Financing Sources:	
Transfers in from General Fund	<u>20,000</u>
Change in Net Assets	19,028
Net Assets, Beginning of the Year	<u>2,651</u>
Net Assets, End of the Year	<u>\$ 21,679</u>

NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Milford Borough School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2011 of 116 students.

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

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity as been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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.

MILFORD BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise Fund is 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 on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the “Benefit Reimbursement Method.”

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

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 NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund Types. Unencumbered appropriations lapse at fiscal year end.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. 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 revenues at fiscal year end.

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

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2010-2011 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents 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.

I. Inventories and Prepaid Items

Inventories and prepaid items, 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. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10
Vehicles	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 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 personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

MILFORD BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

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

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in deferred revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during 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 issuance are reported as other financing uses.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2011 consists of the following:

Capital Reserve	\$	45,000
Capital Project		<u>(189,437)</u>
	\$	<u>(144,437)</u>

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

MILFORD BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

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

New Jersey school districts are limited as to the types 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.

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2011 appear in the financial statements as summarized below:

Cash		\$ <u>159,797</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Statement of Net Assets	B-1	\$ 118,627
Enterprise Fund, Statement of Net Assets	B-4	2,240
Fiduciary Funds, Statement of Net Assets	B-7	<u>38,930</u>
Total Cash		\$ <u>159,797</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2011 is \$159,797 and the bank balance is \$299,840. Of the bank balance, \$250,000 is covered by federal depository insurance and \$49,840 is insured by GUDPA.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2011, the district has no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 26,248			\$ 26,248
Construction in Progress	673,886	\$ 100,143	\$ 774,029	
Total	<u>700,134</u>	<u>100,143</u>	<u>774,029</u>	<u>26,248</u>
Capital Assets, Being				
Depreciated:				
Land Improvements	74,250			74,250
Building & Improvements	258,705	774,029		1,032,734
Furniture & Equipment	152,708			152,708
Total	<u>485,663</u>	<u>774,029</u>	<u>-0-</u>	<u>1,259,692</u>

MILFORD BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Accumulated Depreciation:				
Land Improvements	\$ 70,660	\$ 1,026		\$ 71,686
Building & Improvements	249,100	11,388		260,488
Furniture & Equipment	96,718	7,948		104,666
Total	<u>416,478</u>	<u>20,362</u>	<u>\$ -0-</u>	<u>436,840</u>
Total Capital Assets, Being Depreciated, Net	<u>69,185</u>	<u>753,667</u>	<u>-0-</u>	<u>822,852</u>
Governmental Activities Capital Assets, Net	<u>\$ 769,319</u>	<u>\$ 853,810</u>	<u>774,029</u>	<u>\$ 849,100</u>
Business-Type Activities:				
Furniture & Equipment	\$ 15,853	\$ 4,580		\$ 20,433
Less: Accum Depreciation	<u>15,410</u>	<u>655</u>		<u>16,065</u>
Business-Type Activities Capital Assets, Net	<u>\$ 443</u>	<u>\$ 3,925</u>	<u>\$ -0-</u>	<u>\$ 4,368</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 7,069
Special Education	2,195
Other Instruction	188
Support Services:	
Student & Instruction	3,929
General & Business Admin	1,584
School Administration	397
Transportation	<u>5,000</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 20,362</u>

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2011 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Loan Payable	\$ 842		\$ 210	\$ 632	\$ 210
Bonds Payable	480,000		25,000	455,000	25,000
Capital Leases	50,000		9,167	40,833	9,566
Compensated Absences Payable	<u>23,070</u>	<u>\$ 726</u>	<u>6,100</u>	<u>17,696</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 553,912</u>	<u>\$ 726</u>	<u>\$ 40,477</u>	<u>\$ 514,161</u>	<u>\$ 34,776</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all bonds and loans outstanding as of June 30, 2011 including interest payments are listed as follows:

<u>Year Ending June 30, _____</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 25,210	\$ 22,089	\$ 47,299
2013	25,211	21,086	46,297
2014	30,211	20,083	50,294
2015	30,000	18,881	48,881
2016	30,000	16,913	46,913
2017-2021	160,000	60,988	220,988
2022-2025	<u>155,000</u>	<u>16,272</u>	<u>171,272</u>
Total	<u>\$ 455,632</u>	<u>\$ 176,312</u>	<u>\$ 631,944</u>

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

Bonds and Loans Payable – Loans payable at June 30, 2011, with their outstanding balances are comprised of the following individual issues:

Loan payable to the NJ Economic Development Authority dated 08/12/93, interest at 1.5% due in annual installments beginning 07/15/94 through 07/15/13	\$ 632
\$480,000-2009 general obligation school bond, due in annual installments of \$25,000 to \$40,000 beginning July 15, 2010 through July 15, 2024, interest at 4.00% to 5.125%	455,000
	\$ 455,632

Capital Leases Payable

The District is leasing a school bus totaling \$50,000 under a capital lease. The following is a schedule of the future minimum lease payments under the capital lease and the net minimum lease payment at June 30, 2011:

<u>Year Ending June 30,</u>	<u>General Fund</u>
2012	\$ 11,342
2013	11,342
2014	11,342
2015	11,342
Total Minimum Lease Payments	45,368
Amount Representing Interest	4,535
Present Value of Minimum Leases Payments	\$ 40,833

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2011 is \$4,571,348. General obligation debt at June 30, 2011 is \$646,032, resulting in a legal debt margin of \$3,925,316.

NOTE 6. PENSION PLANS

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system 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 related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Description of Systems (Cont'd)

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. 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.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF, PERS and DCRP provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/11	\$ 46,748	100%
06/30/10	47,917	100%
06/30/09	53,614	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/11	\$ 20,797	100%
06/30/10	14,317	100%
06/30/09	10,448	100%

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

During the year ended June 30, 2011, the State of New Jersey contributed \$44,646 to the TPAF for post-retirement medical benefits and \$2,102 for non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$53,882 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 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. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside 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, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 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. In fiscal year 2010, the State paid \$126.3 million toward Ch 126 benefits for 14,050 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

Plan Description-(cont'd)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury pensions pdf/financial/gasb-43-aug2010.pdf>

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

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

Equitable

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances as of June 30, 2011 is as follows:

<u>Fund</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 269,871	\$ 4,086
Capital Projects Fund		191,567
Enterprise Fund	4,086	
Special Revenue Fund		78,304
	<u>\$ 273,957</u>	<u>\$ 273,957</u>

The balance due to the General Fund from the Capital Projects Fund represents a loan until state aid is obtained. The amount due from the Special Revenue Fund to the General Fund represents a loan due to delayed receipt of grant funding. The balance due to the Enterprise Fund by the General Fund represents state and federal aid received in the General Fund.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2011 consisted of the following:

Food	\$ <u>120</u>
------	---------------

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

NOTE 12. 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.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ 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, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Board Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 20,000	\$ 4	\$ 2,849	\$ 3,825	\$ 21,679
2009-2010	12,000	24	2,923	22,662	2,651
2008-2009	-0-	131	2,965	8	10,366

MILFORD BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 13. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Restricted:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	\$ 45,000	\$ 1
Committed:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	158,252	105,396
Assigned:		
Designated Surplus-Designated for Subsequent Year's Expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements		100,000
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>229,914</u>	<u>180,687</u>
Total Fund Balance	<u>\$ 433,166</u>	<u>\$ 386,084</u>

NOTE 14. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 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 fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$-0-.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,693,885		\$ 1,693,885	\$ 1,693,885	
Other Local Governmental Units-Unrestricted	4,308		4,308	4,308	
Tuition-Other School Districts				21,064	\$ 21,064
Tuition-Individuals	18,550		18,550	35,189	16,639
Interest Earned on Investments				459	459
Unrestricted Miscellaneous Revenues	12,614		12,614	10,490	(2,124)
Total	<u>1,729,357</u>	<u>\$ -</u>	<u>1,729,357</u>	<u>1,765,395</u>	<u>36,038</u>
State Sources:					
Categorical Special Education Aid		53,376	53,376	53,376	
Equalization Aid	205,335	(53,376)	151,959	151,959	
Extraordinary Special Education Aid				25,840	25,840
Nonpublic School Transportation Aid				348	348
On-Behalf TPAF Payments				46,748	46,748
Reimbursed TPAF Social Security Contribution				53,882	53,882
Total	<u>205,335</u>	<u>-</u>	<u>205,335</u>	<u>332,153</u>	<u>126,818</u>
TOTAL REVENUES	<u>\$ 1,934,692</u>	<u>\$ -</u>	<u>\$ 1,934,692</u>	<u>\$ 2,097,548</u>	<u>\$ 162,856</u>
EXPENDITURES					
Current:					
Instruction-Regular Programs:					
Salaries of Teachers:					
Kindergarten	\$ 7,333	\$ 25,412	\$ 32,745	\$ 32,738	\$ 7
Grades 1-5	283,687	(24,616)	259,071	259,011	60
Grades 6-8	202,454	(15,090)	187,364	186,941	423
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	6,210	454	6,664	6,610	54
Purchased Professional-Educational Services	54,038	(3,255)	50,783	50,783	
Other Purchased Services	16,050	1,008	17,058	16,669	389
General Supplies	30,987	42,975	73,962	43,166	30,796
Textbooks		1,730	1,730		1,730
Other Objects	600	(254)	346		346
Total	<u>601,359</u>	<u>28,364</u>	<u>629,723</u>	<u>595,918</u>	<u>33,805</u>
Special Education:					
Resource Room/Center:					
Salaries of Teachers	101,560	4,627	106,187	106,187	
Other Salaries for Instruction	22,971	11,615	34,586	33,729	857
Other Purchased Services	500	(460)	40	40	
General Supplies	1,500	1,372	2,872	2,687	185
Textbooks	250	(250)			
Total	<u>126,781</u>	<u>16,904</u>	<u>143,685</u>	<u>142,643</u>	<u>1,042</u>
Preschool Disabilities-Part-Time:					
Salaries of Teachers	44,275	500	44,775	44,775	
Other Salaries for Instruction	8,828	(8,440)	388		388
Other Purchased Services	500	(358)	142		142
General Supplies	6	567	573	325	248
Total	<u>53,609</u>	<u>(7,731)</u>	<u>45,878</u>	<u>45,100</u>	<u>778</u>
Total Special Education	<u>180,390</u>	<u>9,173</u>	<u>189,563</u>	<u>187,743</u>	<u>1,820</u>

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
School-Sponsored Co/Extra-Curricular Activities:					
Salaries	\$ 4,150	\$ 600	\$ 4,750	\$ 4,065	\$ 685
Purchased Services		1,600	1,600	1,600	
Supplies & Materials	500	(500)			
Total	4,650	1,700	6,350	5,665	685
School-Sponsored Athletics:					
Salaries	7,200	760	7,960	7,960	
Purchased Services	3,840	(1,110)	2,730	2,395	335
Supplies & Materials	1,500	(750)	750	352	398
Total	12,540	(1,100)	11,440	10,707	733
Total Instruction Regular	\$ 798,939	\$ 38,137	\$ 837,076	\$ 800,033	\$ 37,043
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Within State-Special	\$ 4,500		\$ 4,500		\$ 4,500
Other LEAs Within State-Regular		\$ 1,529	1,529	\$ 1,529	
Private Schools for the Disabled Within State	151,922	(14,053)	137,869	128,340	9,529
Total	156,422	(12,524)	143,898	129,869	14,029
Health Services:					
Salaries	70,355		70,355	70,205	150
Purchased Professional & Technical Services	2,000	260	2,260	2,210	50
Supplies & Materials	1,350	122	1,472	1,096	376
Total	73,705	382	74,087	73,511	576
Speech, OT, PT & Related Services					
Salaries	35,000	(35,000)			
Purchased Professional-Educational Services	31,796	34,392	66,188	62,084	4,104
Supplies & Materials	1,000		1,000		1,000
Total	67,796	(608)	67,188	62,084	5,104
Other Support Services-Students-Extra Services:					
Purchased Professional-Educational Services	30,000	4,000	34,000	32,000	2,000
Total	30,000	4,000	34,000	32,000	2,000
Child Study Team:					
Salaries of Other Professional Staff	29,585	(400)	29,185	29,153	32
Salaries of Secretarial & Clerical Assistants	38,578	(3,460)	35,118	34,052	1,066
Purchased Professional-Educational Services	95,296	(1,017)	94,279	91,623	2,656
Miscellaneous Purchased Services	1,350	(1,220)	130	114	16
Supplies & Materials	500	789	1,289		1,289
Total	165,309	(5,308)	160,001	154,942	5,059

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Educational Media Services/School Library:					
Other Purchased Services	\$ 5,990	\$ 4,568	\$ 10,558	\$ 8,013	\$ 2,545
Total	5,990	4,568	10,558	8,013	2,545
Instructional Staff Training Services:					
Purchased Professional-Educational Services	1,048	198	1,246	888	358
Total	1,048	198	1,246	888	358
Support Services-General Administration:					
Legal Services	5,000	37,205	42,205	35,470	6,735
Audit Fees	10,000	(500)	9,500	9,500	
Purchased Services		33,468	33,468	33,468	
Other Purchased Professional Services	34,668	(33,823)	845	845	
Board of Education Other Purchased Services	500	(500)			
Miscellaneous Purchased Services	2,100	(755)	1,345	1,282	63
General Supplies	100	(100)			
Miscellaneous Expenditures	300	(257)	43	40	3
Board of Education Membership Dues and Fees	4,286	(2,519)	1,767	1,749	18
Total	56,954	32,219	89,173	82,354	6,819
Support Services-School Administration:					
Salaries of Principals/Assist/Principals	28,585	(646)	27,939	27,939	
Salaries of Other Professional Staff	6,657	(29)	6,628	6,627	1
Other Purchased Services	500	(450)	50	17	33
Supplies & Materials	78	(78)			
Total	35,820	(1,203)	34,617	34,583	34
Central Services:					
Salaries	8,877	(239)	8,638	6,934	1,704
Purchased Professional Services	45,300		45,300	45,300	
Purchased Technical Services	3,330		3,330	3,200	130
Supplies & Materials	100		100	100	
Total	57,607	(239)	57,368	55,434	1,934
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	33,150	14,841	47,991	25,392	22,599
Total	33,150	14,841	47,991	25,392	22,599
Custodial Services:					
Salaries	38,367	4,000	42,367	37,473	4,894
Purchasing Professional & Technical Services	2,100	4,000	6,100	1,211	4,889
Other Purchased Property Services	3,800		3,800	2,851	949
Insurance	14,878	(2,786)	12,092	12,092	
Miscellaneous Purchased Services	500	(500)			
General Supplies	7,020	257	7,277	6,980	297
Energy (Electricity)	24,000	(300)	23,700	22,538	1,162
Energy (Oil)	21,000	19,529	40,529	10,785	29,744
Total	111,665	24,200	135,865	93,930	41,935
Care & Upkeep of Grounds:					
Salaries	10,000		10,000	8,770	1,230
Total	10,000	-	10,000	8,770	1,230

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Student Transportation Services:					
Salaries for Non-Instructional Aides	\$ 8,877		\$ 8,877	\$ 8,837	\$ 40
Salaries for Pupil Trans (Between Home & School)- Special Education	38,836		38,836	36,020	2,816
Salaries for Pupil Trans (Other than Between Home & School)	3,040	\$ 142	3,182	2,191	991
Cleaning, Repair & Maintenance Services	1,000		1,000	896	104
Lease Purchase Payments-School Buses	11,343		11,343	11,342	1
Contracted Services (Other than Between Home & School)-Vendors	2,000	(406)	1,594	1,430	164
Contracted Services (Between Home & School)- Vendors		800	800		800
Contracted Services (Between Home & School)- Joint Agreements		1,800	1,800		1,800
Contracted Services (Special Education Students)- Joint Agreements	84,640	(62,843)	21,797	19,739	2,058
Contracted Services (Special Education Students)- ESCs & CTSA's		63,303	63,303	53,303	10,000
Contracted Services-ALL of Payments-Nonpublic	2,742	(974)	1,768	1,768	
Miscellaneous Purchased Services	1,000		1,000	200	800
General Supplies	4,000	231	4,231	3,194	1,037
Total	157,478	2,053	159,531	138,920	20,611
Allocated Benefits-Employee:					
Regular Programs:					
Social Security Contributions	1,755		1,755	1,755	
Other Retirement Contributions-PERS	1,248	2,584	3,832	3,832	
Unemployment Compensation	20,000	(20,000)			
Workmen's Compensation	3,145		3,145	3,145	
Health Benefits	103,709	(1,900)	101,809	101,809	
Total	129,857	(19,316)	110,541	110,541	-
Special Programs:					
Social Security Contributions	1,445		1,445	1,445	
Other Retirement Contributions-PERS	5,594		5,594	5,594	
Workmen's Compensation	1,000		1,000	1,000	
Health Benefits	35,000		35,000	34,285	715
Tuition Reimbursement	1,848	(1,848)			
Total	44,887	(1,848)	43,039	42,324	715
Other Instructional Programs:					
Social Security Contributions	1,000	647	1,647	1,647	
Total	1,000	647	1,647	1,647	-
Health Services:					
Workmen's Compensation	600		600	600	
Health Benefits	19,929	(3,000)	16,929	16,575	354
Total	20,529	(3,000)	17,529	17,175	354
Speech, OT, PT & Related Services					
Workmen's Compensation	500		500	500	
Total	500	-	500	500	-

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Allocated Benefits-Employee: (cont'd)					
Other Support Services-Child Study Team:					
Social Security Contributions	\$ 3,400	\$ 761	\$ 4,161	\$ 1,562	\$ 2,599
Other Retirement Contributions-PERS	2,600		2,600	2,600	
Workmen's Compensation	400		400	400	
Health Benefits	7,055	(2,550)	4,505	1,000	3,505
Total	13,455	(1,789)	11,666	5,562	6,104
Support Services-General Administration:					
Other Retirement Contributions-PERS	600		600	600	
Total	600	-	600	600	-
Support Services-School Administration:					
Social Security Contributions	400	375	775	775	
Workmen's Compensation	400		400	400	
Health Benefits	3,500	(73)	3,427	3,426	1
Total	4,300	302	4,602	4,601	1
Central Services:					
Social Security Contributions	50		50	50	
Other Retirement Contributions-PERS	700		700	700	
Workmen's Compensation	280		280	280	
Health Benefits	800		800	200	600
Total	1,830	-	1,830	1,230	600
Other Operation & Maintenance of Plant Services:					
Social Security Contributions	7,600	3,514	11,114	9,674	1,440
Other Retirement Contributions-PERS	5,871		5,871	5,871	
Workmen's Compensation	2,675	(591)	2,084	2,084	
Health Benefits	19,330	(5,000)	14,330	14,330	
Total	35,476	(2,077)	33,399	31,959	1,440
Student Transportation Services:					
Social Security Contributions	1,870	200	2,070	2,070	
Other Retirement Contributions-PERS	1,600		1,600	1,600	
Workmen's Compensation	1,000		1,000	1,000	
Health Benefits	6,500	(1,800)	4,700	2,319	2,381
Total	10,970	(1,600)	9,370	6,989	2,381
Total Allocated Benefits	263,404	(28,681)	234,723	223,128	11,595

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Food Services:					
Transfer to Cover Deficit-(Enterprise Fund)	\$ 8,000	\$ -	\$ 8,000	\$ -	\$ 8,000
On-Behalf TPAF Payments				46,748	(46,748)
Reimbursed TPAF Social Security Contribution				53,882	(53,882)
Total	-	-	-	100,630	(100,630)
Total Undistributed Expenditures	\$ 1,234,348	\$ 33,898	\$ 1,268,246	\$ 1,224,448	\$ 43,798
TOTAL CURRENT	\$ 2,033,287	\$ 72,035	\$ 2,105,322	\$ 2,024,481	\$ 80,841
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Other Objects	\$ 1,405	\$ -	\$ 1,405	\$ 1,405	\$ -
TOTAL CAPITAL OUTLAY	\$ 1,405	\$ -	\$ 1,405	\$ 1,405	\$ -
TOTAL EXPENDITURES	\$ 2,034,692	\$ 72,035	\$ 2,106,727	\$ 2,025,886	\$ 80,841
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (100,000)	\$ (72,035)	\$ (172,035)	\$ 71,662	\$ 243,697
Other Financing Sources (Uses):					
Operating Transfer Out-Cafeteria		(4,580)	(4,580)	(4,580)	
Operating Transfer Out-Unemployment Comp		(20,000)	(20,000)	(20,000)	
Total Other Financing Sources (Uses)	-	(24,580)	(24,580)	(24,580)	-
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(100,000)	(96,615)	(196,615)	47,082	243,697
Fund Balances, July 1	386,084		386,084	386,084	
Fund Balances, June 30	\$ 286,084	\$ (96,615)	\$ 189,469	\$ 433,166	\$ 243,697
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		\$ (96,615)	\$ (96,615)	\$ (96,615)	
Increase in Capital Reserve		44,999	44,999	44,999	
Budgeted Fund Balance	\$ (100,000)	(44,999)	(144,999)	98,698	\$ 243,697
TOTAL	\$ (100,000)	\$ (96,615)	\$ (196,615)	\$ 47,082	\$ 243,697
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Capital Reserve					\$ 45,000
Committed Fund Balance:					
Year-End Encumbrances					158,252
Unassigned Fund Balance					229,914
					433,166
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis					(20,384)
Fund Balance Per Governmental Funds (GAAP)					\$ 412,782

MILFORD BOROUGH SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

MILFORD BOROUGH SCHOOL DISTRICT
EDUCATION JOBS FUND-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

MILFORD BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources	\$ 54,178	\$ 23,960	\$ 78,138	\$ 78,138	
TOTAL REVENUES	<u>\$ 54,178</u>	<u>\$ 23,960</u>	<u>\$ 78,138</u>	<u>\$ 78,138</u>	<u>\$ -</u>
EXPENDITURES					
Instruction:					
Other Salaries		\$ 2,800	\$ 2,800	\$ 2,800	
Purchased Professional & Technical Services	\$ 11,924		11,924	11,924	
Supplies & Materials	10,437	834	11,271	11,271	
Totals	<u>22,361</u>	<u>3,634</u>	<u>25,995</u>	<u>25,995</u>	<u>\$ -</u>
Support Services:					
Employee Benefits		714	714	714	
Purchased Professional Educational Services		6,612	6,612	6,612	
Tuition	28,041	13,000	41,041	41,041	
Other Purchased Services	3,776		3,776	3,776	
Total	<u>31,817</u>	<u>20,326</u>	<u>52,143</u>	<u>52,143</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 54,178</u>	<u>\$ 23,960</u>	<u>\$ 78,138</u>	<u>\$ 78,138</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 2,097,548	\$ 78,138
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		780
Outstanding Encumbrances Current Year		(5,165)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	30,831	
State Aid Receivable Current Year	(20,384)	
Total Revenues (GAAP Basis)	\$ 2,107,995	\$ 73,753
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 2,025,886	\$ 78,138
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Prior Year		780
Outstanding Encumbrances Current Year		(5,165)
Total Expenditures (GAAP Basis)	\$ 2,025,886	\$ 73,753

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

MILFORD BOROUGH SCHOOL DISTRICT
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	ARRA IDEA Basic	ARRA IDEA Pre School	NCLB Title IIA	IDEA Basic	IDEA Pre School	REAP	Total 2011
REVENUES							
Federal Sources	\$ 23,050	\$ 834	\$ 3,852	\$ 28,041	\$ 1,452	\$ 20,909	\$ 78,138
TOTAL REVENUES	\$ 23,050	\$ 834	\$ 3,852	\$ 28,041	\$ 1,452	\$ 20,909	\$ 78,138
EXPENDITURES							
Instruction:							
Other Salaries	\$ 2,800						\$ 2,800
Purchased Professional & Technical Services						\$ 11,924	11,924
Supplies & Materials		\$ 834			\$ 1,452	8,985	11,271
Totals	2,800	834	\$ -	\$ -	1,452	20,909	25,995
Support Services:							
Employee Benefits	714						714
Other Purchased Professional Services	6,536		76				6,612
Tuition	13,000			28,041			41,041
Other Purchased Services			3,776				3,776
Totals	20,250	-	3,852	28,041	-	-	52,143
TOTAL EXPENDITURES	\$ 23,050	\$ 834	\$ 3,852	\$ 28,041	\$ 1,452	\$ 20,909	\$ 78,138

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

MILFORD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenues and Other Financing Sources:	
Local Sources:	
Interest Earnings	\$ 3
Total Revenues	<u> 3</u>
Expenditures and Other Financing Uses:	
Project Expenditures	<u> 100,143</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(100,140)
Fund Balance-Beginning	<u> (89,297)</u>
Fund Balance-Ending	<u><u> \$ (189,437)</u></u>
Analysis of Balance:	
Project Balance	\$ (190,318)
Interest Income	<u> 881</u>
	<u><u> \$ (189,437)</u></u>

MILFORD BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS-BUDGETARY BASIS-HEALTH AND SAFETY IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-NJSDA Grant	\$ 129,600		\$ 129,600	\$ 320,000
Local Sources:				
Bond Proceeds	480,000		480,000	480,000
Total Revenues	609,600	\$ -	609,600	800,000
Expenditures and Other Financing Uses:				
Architect	70,251	3,596	73,847	
Advertising	1,194		1,194	
Financing Fees	25,889		25,889	
Legal Fees	1,590		1,590	
Technology	21,446		21,446	
Project Expenditures:				
Electrical	356,969		356,969	
Roof	155,133	10,502	165,635	
Windows	14,706	2,494	17,200	
Masonry	24,700	1,300	26,000	
Flooring	3,567	188	3,755	
Other Construction:				
Electrical Other	17,248		17,248	
Window and Door Replacement	2,432	79,568	82,000	
Asbestos	4,650	2,495	7,145	
Total Expenditures	699,775	100,143	799,918	800,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (90,175)	\$ (100,143)	\$ (190,318)	\$ -

Additional Project Information:

Project Number	SDA3180-050-07-OJAI
Grant Date	02/11/09
Bonds Authorized	\$ 480,000
Bonds Issued	\$ 480,000
Original Authorized Cost	\$ 800,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 800,000
Percentage Complete	99.99%

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's Board is that the costs of providing goods or services be financed through user charges.

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2011

ASSETS

Current Assets:

Cash & Cash Equivalents	\$ 2,240
Interfund Receivable	4,086
Inventory	120
Total Current Assets	<u>6,446</u>

Noncurrent Assets:

Capital Assets	20,433
Less: Accumulated Depreciation	<u>16,065</u>
Total Noncurrent Assets	<u>4,368</u>

Total Assets	<u>10,814</u>
--------------	---------------

LIABILITIES

Current Liabilities:

Deferred Revenues	<u>120</u>
Total Liabilities	<u>120</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	4,368
Unrestricted	<u>6,326</u>
TOTAL NET ASSETS	<u>\$ 10,694</u>

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 15,237
Daily Sales-Nonreimbursable Programs	6,047
Total Operating Revenues	<u>21,284</u>
Other Expenses:	
Costs of Sales	25,301
Salaries	4,612
Employee Benefits	662
Insurance	827
Management Fees	2,000
Other Purchased Services	168
Miscellaneous	52
Depreciation	655
Total Operating Expenses	<u>34,277</u>
Operating Income (Loss)	<u>(12,993)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	346
Federal Sources:	
National School Lunch Program	6,471
Food Distribution Program	1,158
Interest Income	3
Total Nonoperating Revenues (Expenses)	<u>7,978</u>
Other Financing Sources:	
Operating Transfer In	4,580
Total Other Financing Sources	<u>4,580</u>
Change in Net Assets	(435)
Net Assets, Beginning	<u>11,129</u>
Net Assets, Ending	<u>\$ 10,694</u>

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (12,993)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided by (Used For) Operating Activities:	
Depreciation	655
Federal Food Distribution Program	1,157
(Increase) Decrease in Interfund Receivable	(2,735)
(Increase) Decrease in Inventory	1
Increase (Decrease) in Accounts Payable	(795)
Net Cash Provided by (Used For) Operating Activities	<u>(14,710)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State & Federal Reimbursements	7,200
Operating Transfer In	4,580
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>11,780</u>
Cash Flows from Investing Activities:	
Interest Income	3
Acquisition of Capital Assets	(4,580)
Net Cash Provided by (Used For) Investing Activities	<u>(4,577)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,507)
Cash and Cash Equivalents, July 1, 2010	<u>9,747</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 2,240</u>

FIDUCIARY FUND
DETAIL STATEMENTS

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

MILFORD BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 21,679	\$ 13,904	\$ 3,347	\$ 38,930
Total Assets	21,679	13,904	3,347	38,930
LIABILITIES				
Due to Student Groups		13,904		13,904
Payroll Deductions & Withholdings			3,347	3,347
Total Liabilities	-	13,904	3,347	17,251
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	21,679	-	-	21,679
TOTAL NET ASSETS	\$ 21,679	\$ 13,904	\$ 3,347	\$ 38,930

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 2,849
Investment Earnings-Interest	4
Total Additions	<u>2,853</u>
DEDUCTIONS	
Unemployment Claims	<u>3,825</u>
	(972)
Other Financing Sources:	
Transfers in from General Fund	<u>20,000</u>
Change in Net Assets	19,028
Net Assets, Beginning of the Year	<u>2,651</u>
Net Assets, End of the Year	<u><u>\$ 21,679</u></u>

MILFORD BOROUGH SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance 07/01/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/11</u>
ASSETS				
Cash and Cash Equivalents	\$ 11,336	\$ 19,774	\$ 17,206	\$ 13,904
TOTAL ASSETS	<u>\$ 11,336</u>	<u>\$ 19,774</u>	<u>\$ 17,206</u>	<u>\$ 13,904</u>
LIABILITIES				
Due to Students Groups	\$ 11,241	\$ 19,124	\$ 16,706	\$ 13,659
Student Council	95	650	500	245
TOTAL LIABILITIES	<u>\$ 11,336</u>	<u>\$ 19,774</u>	<u>\$ 17,206</u>	<u>\$ 13,904</u>

MILFORD BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
ASSETS				
Cash and Cash Equivalents	\$ 3,905	\$ 1,077,824	\$ 1,078,382	\$ 3,347
TOTAL ASSETS	<u>\$ 3,905</u>	<u>\$ 1,077,824</u>	<u>\$ 1,078,382</u>	<u>\$ 3,347</u>
LIABILITIES				
Payroll Deductions & Withholding	\$ 413	\$ 440,227	\$ 440,778	\$ (138)
Summer Pay	18	27,709	27,722	5
Net Payroll	<u>3,474</u>	<u>609,888</u>	<u>609,882</u>	<u>3,480</u>
TOTAL LIABILITIES	<u>\$ 3,905</u>	<u>\$ 1,077,824</u>	<u>\$ 1,078,382</u>	<u>\$ 3,347</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

MILFORD BOROUGH SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS & LOANS PAYABLE
 JUNE 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/10	Issued	Retired	Balance 06/30/11
			Date	Amount					
Series 1993	8/18/1993	\$ 25,000	7/15/2011	\$ 210	1.500%	\$ 842		\$ 210	\$ 632
			7/15/2012	211					
			7/15/2013	211					
Series 2009	7/15/2009	480,000	7/15/2011	25,000	4.000%	480,000			455,000
			7/15/2012	25,000					
			7/15/2013	30,000					
			7/15/2014	30,000	5.125%				
			7/15/2015	30,000					
			7/15/2016	30,000					
			7/15/2017	30,000					
			7/15/2018	30,000					
			7/15/2019	35,000					
			7/15/2020	35,000					
			7/15/2021	35,000					
			7/15/2022	40,000					
			7/15/2023	40,000					
7/15/2024	40,000								
						480,000		25,000	455,000
						<u>\$ 480,842</u>	<u>\$ -</u>	<u>\$ 25,210</u>	<u>\$ 455,632</u>

MILFORD BOROUGH SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 JUNE 30, 2011

Issue	Interest Rate	Amount of Original Issue	Balance 07/01/10	Issued Current Year	Retired Current Year	Balance 06/30/11
Acquisition of a School Bus	4.35%	\$ 50,000	\$ 50,000		\$ 9,167	\$ 40,833
			\$ 50,000	\$ -	\$ 9,167	\$ 40,833

MILFORD BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 47,761		\$ 47,761	\$ 47,761	
State Sources:					
Debt Service Aid	42		42	42	
Total Revenues	<u>47,803</u>	<u>\$ -</u>	<u>47,803</u>	<u>47,803</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest	22,593		22,593	22,593	-
Redemption of Principal	25,210		25,210	25,210	
Total Expenditures	<u>47,803</u>	<u>-</u>	<u>47,803</u>	<u>47,803</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

MILFORD BOROUGH SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
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 to J-5
REVENUE CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-6 to J-9
DEBT CAPACITY	
These Schedules Contain Trend 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 to 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.	J-14 to J-15
OPERATING INFORMATION	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-16 to J-20

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year. The District Implemented GASB Statement 34 in the Fiscal Year Ending June 30, 2004; Schedules Presenting District-Wide Information Include Information Beginning in That Year.

MILFORD BOROUGH SCHOOL DISTRICT
 NET ASSETS BY COMPONENT
 LAST EIGHT FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
GOVERNMENT ACTIVITIES								
Invested in Capital Assets, Net of Related Debt	\$ 20,685	\$ 25,764	\$ 22,502	\$ 76,236	\$ 66,694	\$ 75,933	\$ 238,477	\$ 352,635
Restricted	174,154	276,691	223,167	90,624	112,917	94,297	16,100	13,815
Unrestricted	158,032	91,928	79,054	123,583	193,559	213,698	227,570	202,965
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 352,871	\$ 394,383	\$ 324,723	\$ 290,443	\$ 373,170	\$ 383,928	\$ 482,147	\$ 569,415
BUSINESS-TYPE ACTIVITIES								
Invested in Capital Assets, Net of Related Debt	\$ 5,185	\$ 4,365	\$ 3,545	\$ 2,725	\$ 1,905	\$ 1,174	\$ 443	\$ 4,368
Unrestricted	916	4,860	15,392	20,725	22,966	15,693	10,686	6,326
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 6,101	\$ 9,225	\$ 18,937	\$ 23,450	\$ 24,871	\$ 16,867	\$ 11,129	\$ 10,694
DISTRICT-WIDE								
Invested in Capital Assets, Net of Related Debt	\$ 25,870	\$ 30,129	\$ 26,047	\$ 78,961	\$ 68,599	\$ 77,107	\$ 238,920	\$ 357,003
Restricted	174,154	276,691	223,167	90,624	112,917	94,297	16,100	13,815
Unrestricted	158,948	96,788	94,446	144,308	216,525	229,391	238,256	209,291
TOTAL DISTRICT-WIDE	\$ 358,972	\$ 403,608	\$ 343,660	\$ 313,893	\$ 398,041	\$ 400,795	\$ 493,276	\$ 580,109

MILFORD BOROUGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES								
Governmental Activities:								
Instruction:								
Regular	\$ 713,830	\$ 759,800	\$ 824,978	\$ 858,869	\$ 750,242	\$ 834,153	\$ 805,715	\$ 802,131
Special Education	263,115	317,001	344,401	270,582	227,044	243,347	280,703	258,421
Other Special Education				1,799	12,759	16,348	2,652	
Other Instruction	23,592	48,752	25,136	17,722	14,748	15,918	14,169	18,207
Support Services:								
Tuition	58,215	52,057	86,492	91,106	99,126	161,528	194,963	170,910
Student & Instruction Related Services	214,479	208,845	293,289	304,353	321,952	372,571	382,275	384,545
General & Business Administrative Services	156,457	160,462	232,514	81,646	115,503	157,071	124,219	141,342
School Administration	122,673	124,131	67,013	111,580	98,344	40,990	43,214	43,577
Plant Operations & Maintenance	125,929	149,884	59,198	186,805	187,794	225,067	149,970	162,360
Pupil Transportation	62,218	50,114	55,214	49,061	66,109	111,737	167,303	140,387
Other Support Services		641						
Interest on Long-Term Debt	33	30	27	24	20	17	37,493	15,826
Unallocated Depreciation & Amortization	588	588	588	246,824	211,398			
Total Governmental Activities Expenses	<u>1,741,129</u>	<u>1,872,305</u>	<u>1,988,850</u>	<u>2,220,371</u>	<u>2,105,039</u>	<u>2,178,747</u>	<u>2,202,676</u>	<u>2,137,706</u>
Business-Type Activities:								
Food Services	38,275	40,823	43,795	37,390	39,420	42,999	35,437	34,277
Total Business-Type Activities	<u>38,275</u>	<u>40,823</u>	<u>43,795</u>	<u>37,390</u>	<u>39,420</u>	<u>42,999</u>	<u>35,437</u>	<u>34,277</u>
TOTAL DISTRICT EXPENSES	<u>\$ 1,779,404</u>	<u>\$ 1,913,128</u>	<u>\$ 2,032,645</u>	<u>\$ 2,257,761</u>	<u>\$ 2,144,459</u>	<u>\$ 2,221,746</u>	<u>\$ 2,238,113</u>	<u>\$ 2,171,983</u>

MILFORD BOROUGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
PROGRAM REVENUES								
Governmental Activities:								
Charges for Services				\$ 12,455	\$ 16,604	\$ 59,931	\$ 35,265	\$ 60,596
Operating Grants & Contributions	\$ 169,250	\$ 169,756	\$ 169,719	85,387	60,843	54,856	57,692	73,753
Total Governmental Activities Program Revenues	169,250	169,756	169,719	97,842	77,447	114,787	92,957	134,349
Business-Type Activities:								
Charges for Services:								
Food Service	20,738	21,392	25,007	23,373	25,112	24,385	19,703	21,284
Operating Grants & Contributions	4,817	5,035	5,376	4,957	3,878	6,706	6,980	7,975
Total Business-Type Activities Program Revenues	25,555	26,427	30,383	28,330	28,990	31,091	26,683	29,259
TOTAL DISTRICT-PROGRAM REVENUES	\$ 194,805	\$ 196,183	\$ 200,102	\$ 126,172	\$ 106,437	\$ 145,878	\$ 119,640	\$ 163,608
NET (EXPENSE) REVENUES								
Governmental Activities	\$ (1,571,879)	\$ (1,702,549)	\$ (1,819,131)	\$ (2,122,529)	\$ (2,027,592)	\$ (2,063,960)	\$ (2,109,719)	\$ (2,003,357)
Business-Type Activities	(12,720)	(14,396)	(13,412)	(9,060)	(10,430)	(11,908)	(8,754)	(5,018)
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (1,584,599)	\$ (1,716,945)	\$ (1,832,543)	\$ (2,131,589)	\$ (2,038,022)	\$ (2,075,868)	\$ (2,118,473)	\$ (2,008,375)
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$ 1,300,124	\$ 1,393,553	\$ 1,393,516	\$ 1,488,610	\$ 1,561,780	\$ 1,594,534	\$ 1,650,851	\$ 1,693,885
Taxes Levied for Debt Service	196	188	186	182	180	178	10,976	47,761
Unrestricted Grants & Contributions	361,283	312,867	379,818	538,857	511,988	425,095	434,125	342,642
Capital Grants-Unallocated						33,600	96,000	
Investment Earnings	1,251	960	910			5,120	2,486	462
Miscellaneous Income	9,184	989	637	11,882	46,668	20,083	16,500	10,455
Operating Transfer	(13,447)	(17,512)	(23,119)	(13,558)	(10,295)	(3,891)	(3,000)	(4,580)
Total Governmental Activities	1,658,591	1,691,045	1,751,948	2,025,973	2,110,321	2,074,719	2,207,938	2,090,625

MILFORD BOROUGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)								
Business-Type Activities:								
Investment Earnings	\$ 7	\$ 8	\$ 5	\$ 14	\$ 26	\$ 13	\$ 16	\$ 3
Transfers	13,447	17,512	23,119	13,558	10,295	3,891	3,000	4,580
Total Business-Type Activities	13,454	17,520	23,124	13,572	10,321	3,904	3,016	4,583
TOTAL DISTRICT-WIDE	<u>\$ 1,672,045</u>	<u>\$ 1,708,565</u>	<u>\$ 1,775,072</u>	<u>\$ 2,039,545</u>	<u>\$ 2,120,642</u>	<u>\$ 2,078,623</u>	<u>\$ 2,210,954</u>	<u>\$ 2,095,208</u>
CHANGE IN NET ASSETS								
Governmental Activities	\$ 86,712	\$ (11,504)	\$ (67,183)	\$ (96,556)	\$ 82,729	\$ 10,759	\$ 98,219	\$ 87,268
Business-Type Activities	734	3,124	9,712	4,512	(109)	(8,004)	(5,738)	(435)
TOTAL DISTRICT	<u>\$ 87,446</u>	<u>\$ (8,380)</u>	<u>\$ (57,471)</u>	<u>\$ (92,044)</u>	<u>\$ 82,620</u>	<u>\$ 2,755</u>	<u>\$ 92,481</u>	<u>\$ 86,833</u>

MILFORD BOROUGH SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST EIGHT FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Reserved	\$ 279,792	\$ 276,692	\$ 223,168	\$ 90,626	\$ 112,921	\$ 81,017	\$ 105,397	\$ 203,252
Unreserved	100,287	125,457	114,064	156,607	221,660	241,760	249,856	209,530
Total General Fund	<u>\$ 380,079</u>	<u>\$ 402,149</u>	<u>\$ 337,232</u>	<u>\$ 247,233</u>	<u>\$ 334,581</u>	<u>\$ 322,777</u>	<u>\$ 355,253</u>	<u>\$ 412,782</u>
All Other Governmental Funds:								
Unreserved, Reported In:								
Special Revenue Fund	\$ (76)	\$ (76)	\$ (76)	\$ (76)	\$ (76)			
Capital Projects Fund						\$ 13,291	\$ (89,297)	\$ (189,437)
Debt Service Fund	(3)	(2)	(1)	(1)	(3)	(3)		
Total All Other Governmental Funds	<u>\$ (79)</u>	<u>\$ (78)</u>	<u>\$ (77)</u>	<u>\$ (77)</u>	<u>\$ (79)</u>	<u>\$ 13,288</u>	<u>\$ (89,297)</u>	<u>\$ (189,437)</u>

MILFORD BOROUGH SCHOOL DISTRICT
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Tax Levy			\$ 1,300,320	\$ 1,393,741	\$ 1,393,702	\$ 1,488,792	\$ 1,561,960	\$ 1,594,712	\$ 1,661,827	\$ 1,741,646
Tuition Charges			1,251	960	910			49,350	35,265	56,253
Interest Earnings			9,184	989	637			5,120	2,486	462
Transportation Fees						12,455	16,604			
Miscellaneous			473,426	448,872	486,730	11,830	48,297	31,485	16,500	14,798
State Sources			57,107	33,751	62,507	544,058	512,304	426,451	407,259	342,642
State Sources-Capital Grants								33,600	96,000	
Federal Sources					300	80,237	58,897	52,679	84,558	73,753
Total Revenues	-	-	1,841,288	1,878,313	1,944,786	2,137,372	2,198,062	2,193,397	2,303,895	2,229,554
Expenditures:										
Instruction:										
Regular Instruction			535,487	575,373	633,013	732,088	656,237	666,987	647,950	614,998
Special Education Instruction			207,722	222,614	258,569	219,363	191,096	193,299	212,904	190,987
Other Special Instruction						271	9,244	12,687	1,449	
Other Instruction			18,685	30,378	22,022	15,510	12,985	15,834	14,105	16,372
Support Services:										
Tuition			58,215	52,057	86,492	91,106	99,126	161,528	194,963	170,910
Student & Instruction Related Services			165,932	172,641	243,748	277,366	304,215	333,702	340,134	341,826
General Administration			95,034	105,054	58,597	22,861	54,558	91,088	67,479	82,354
School Administration Services			77,013	78,500	52,401	95,157	83,537	33,305	34,254	34,583
Central Services / Business Services				50,599	51,799	56,887	59,500	63,731	53,975	55,434
Plant Operations & Maintenance			110,411	140,393	169,504	175,816	169,825	200,105	125,179	128,092
Pupil Transportation			54,040	43,421	53,142	46,183	63,586	102,408	156,097	138,920
Employee Benefits			49,440	641		480,970	396,281	184,808	197,705	223,128
On-Behalf TPAF Pension & Soc Sec Contributions								107,917	103,754	100,630
Other Support Services			317,832	363,679	354,592					
Capital Outlay				3,139	2,468				50,000	
Capital Projects								20,317	679,458	100,143
Debt Service:										
Principal			210	210	210	210	210	211	210	25,210
Interest & Other Charges			33	30	27	24	21	17	12,388	23,998
Total Expenditures	-	-	1,690,054	1,838,729	1,986,584	2,213,812	2,100,421	2,187,944	2,892,004	2,247,585
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	151,234	39,584	(41,798)	(76,440)	97,641	5,453	(588,109)	(18,031)
Other Financing Sources (Uses):										
Proceeds from Bond Issue									480,000	
Capital Leases (Unbudgeted)									50,000	
Transfers Out			(13,447)	(17,512)	(23,119)	(13,558)	(10,295)	(3,891)	(12,000)	(24,580)
Total Other Financing Sources (Uses)	-	-	(13,447)	(17,512)	(23,119)	(13,558)	(10,295)	(3,891)	518,000	(24,580)
Net Change in Fund Balances	N/A	N/A	\$ 137,787	\$ 22,072	\$ (64,917)	\$ (89,998)	\$ 87,346	\$ 1,562	\$ (70,109)	\$ (42,611)
Debt Service as a Percentage of Non-capital Expenditures			0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.59%	2.35%

Source: District Records

NOTE: Noncapital expenditures are total expenditures less capital outlay, capital projects and debt service.
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.
 Information prior to 2004 is not available

MILFORD BOROUGH SCHOOL DISTRICT
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Interest Income	\$ 10,325	\$ 2,634				\$ 7,939	\$ 7,346	\$ 5,112	\$ 1,616	\$ 459
Tuition	9,373	13,423						49,350	35,265	56,253
Milford-Custodial Services								4,020	4,089	4,308
Refunds	807	2,245	\$ 5,602				256	2,450		3,493
Before & After Care								6,561	8,330	6,279
Contributions								285	4,138	478
Miscellaneous Other	1,979	1,008	3,582	\$ 989	\$ 637	\$ 3,891	40,695	93	149	240
Transportation Services								891		
Insurance Settlement								18,400		
Prior Year Adjustment								(2,036)	(206)	
Annual Totals	<u>\$ 22,484</u>	<u>\$ 19,310</u>	<u>\$ 9,184</u>	<u>\$ 989</u>	<u>\$ 637</u>	<u>\$ 11,830</u>	<u>\$ 48,297</u>	<u>\$ 85,126</u>	<u>\$ 53,381</u>	<u>\$ 71,510</u>

Source: District Records

MILFORD BOROUGH SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Vacant Land	\$ 2,177,600	\$ 2,449,100	\$ 3,623,100	\$ 2,959,200	\$ 1,997,300	\$ 2,034,300	\$ 1,505,600	\$ 2,212,100	\$ 2,643,000	\$ 2,647,800
Residential	53,208,700	81,104,100	89,583,900	89,689,000	93,383,800	94,823,600	95,519,000	96,064,900	95,595,200	95,320,400
Farm Regular	687,700	1,027,100	1,157,000	1,408,500	1,408,500	1,408,500	1,408,500	1,413,900	1,413,900	1,408,800
Farm Qualified	24,400	29,300	31,000	31,800	31,800	31,800	40,000	15,900	21,100	21,100
Commercial	8,867,300	11,337,700	12,273,570	12,439,670	12,439,670	12,465,970	12,455,970	12,455,970	12,455,970	12,444,170
Industrial	13,199,000	13,518,400	8,318,800	8,318,800	8,318,800	8,318,800	8,155,400	1,992,000	1,992,000	1,992,000
Apartment	2,442,000	3,002,100	3,238,200	3,238,200	3,238,200	3,238,200	3,238,200	3,238,200	3,238,200	3,238,200
Total Assessed Value	80,606,700	112,467,800	118,225,570	118,085,170	120,818,070	122,321,170	122,322,670	117,392,970	117,359,370	117,072,470
Public Utilities (a)	294,126	328,041	308,447	292,036	252,285	231,535	236,757	265,500	260,294	229,368
Net Valuation Taxable	\$ 80,900,826	\$ 112,795,841	\$ 118,534,017	\$ 118,377,206	\$ 121,070,355	\$ 122,552,705	\$ 122,559,427	\$ 117,658,470	\$ 117,619,664	\$ 117,301,838
Estimated Actual County Equalized Value	\$ 90,779,925	\$ 113,442,463	\$ 130,328,771	\$ 135,123,242	\$ 144,328,527	\$ 164,084,365	\$ 150,832,151	\$ 145,327,603	\$ 152,971,341	\$ 145,752,781
Percentage of Net Valuations to Estimated Actual County Equalized Value	89.12%	99.43%	90.95%	87.61%	83.89%	74.69%	81.26%	80.96%	76.89%	80.48%
Total Direct School Tax Rate (b)	\$ 1.55	\$ 1.15	\$ 1.18	\$ 1.18	\$ 1.23	\$ 1.27	\$ 1.30	\$ 1.41	\$ 1.48	\$ 1.48
		*	*							

Source: Municipal Tax Assessor

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 the County Board of Taxation requests Treasury to order a reassessment

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per \$100

* Revalued/Reassessed

MILFORD BOROUGH SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate				Overlapping Rates			Total Direct & Overlapping Tax Rate	
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Debt	Municipality	County		Fire District
			Total Direct School Tax Rate	Total Direct School Tax Rate					
2002	\$ 1.55		\$ 1.55	\$ 0.55	\$ 0.29	\$ 0.51		\$ 2.90	
2003	* 1.15		1.15	0.40	0.21	0.43		2.19	
2004	* 1.18		1.18	0.46	0.45	0.45		2.54	
2005	1.18		1.18	0.50	0.45	0.42		2.55	
2006	1.23		1.23	0.46	0.51	0.42		2.62	
2007	1.27		1.27	0.57	0.60	0.43		2.87	
2008	1.30		1.30	0.59	0.64	0.40		2.93	
2009	1.41		1.41	0.59	0.68	0.42		3.10	
2010	1.44	\$ 0.04	1.48	0.68	0.68	0.44		3.28	
2011	1.44	0.04	1.48	0.66	0.68	0.42		3.24	

Sources: Municipal Tax Collector

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 pre-budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (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.

* Revalued/Reassessed

MILFORD BOROUGH SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Pine Crest Village Associates	\$ 3,238,200	1	2.76%	\$ 2,442,000	2	3.02%
International Paper Company	1,336,600	2	1.14%	12,731,900	1	15.74%
Hunterdon Medical Center	1,131,000	3	0.96%	929,600	3	1.15%
60 Bridge Street LLC #1	702,100	4	0.60%			
Peter Trustee Kerl	573,700	5	0.49%	471,700	6	0.58%
Individual Property Owner #1	539,100	6	0.46%			
Stem Brothers	523,700	7	0.45%	444,400	7	0.55%
60 Bridge Street LLC #2	490,400	8	0.42%			
Individual Property Owner #2	463,600	9	0.40%			
Little Kids NJ Partnership	462,500	10	0.39%			
Adams Bakery Corp				673,900	4	0.83%
Hunterdon United Bank				551,700	5	0.68%
Milford Market Inc				427,700	8	0.53%
Individual Property Owner #3				401,200	9	0.50%
Individual Property Owner #4				334,300	10	0.41%
	<u>\$ 9,460,900</u>		<u>8.07%</u>	<u>\$ 19,408,400</u>		<u>23.99%</u>

Source: Municipal Tax Assessor

MILFORD BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2001	\$ 2,396,677	\$ 2,355,487	98.28%
2002	2,349,411	2,306,144	98.16%
2003	2,487,458	2,247,580	90.36%
2004	3,022,360	2,750,553	91.01%
2005	3,105,109	2,842,942	91.56%
2006	3,265,217	2,990,318	91.58%
2007	3,544,050	3,266,638	92.17%
2008	3,623,741	3,316,138	91.51%
2009	3,646,061	3,558,758	97.61%
2010	3,855,890	3,734,128	96.84%

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

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a (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.

MILFORD BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	NJEDA Loan	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002		\$ 2,524				\$ 2,524	0.00%	\$ 2
2003		2,314				2,314	0.00%	2
2004		2,103				2,103	0.00%	2
2005		1,893				1,893	0.00%	2
2006		1,683				1,683	0.00%	1
2007		1,472				1,472	0.00%	1
2008		1,262				1,262	0.00%	1
2009		1,052				1,052	0.00%	1
2010	\$ 480,000	842	\$ 50,000			530,842	N/A	431
2011	455,000	632	40,833			496,465	N/A	403

NOTE Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding

MILFORD BOROUGH SCHOOL DISTRICT
 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds/Loans	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 2,524		\$ 2,524	0.0031%	\$ 2
2003 *	2,314		2,314	0.0021%	2
2004 *	2,103		2,103	0.0018%	2
2005	1,893		1,893	0.0016%	2
2006	1,683		1,683	0.0014%	1
2007	1,472		1,472	0.0012%	1
2008	1,262		1,262	0.0010%	1
2009	1,052		1,052	0.0009%	1
2010	480,842		480,842	0.4088%	390
2011	455,632		455,632	0.3884%	370

NOTE Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit NJ J-6 for property tax data.
- (b) Population data can be found in Exhibit NJ J-14.
- * Revalued/Reassessed

MILFORD BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 9,409,549	100.00	\$ 9,409,549
Regional High School	4,469,000	5.60	250,190
County General Obligation Debt	100,047,622	0.64	639,417
Subtotal, Overlapping Debt			10,299,156
School District Direct Debt			646,032
Total Direct and Overlapping Debt			<u>\$ 10,945,188</u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages
Provided by the County Board of Taxation. Debt Outstanding Data
Provided by Each Governmental Unit.

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 the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

MILFORD BOROUGH SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2002	1,197	\$ 68,360,670	\$ 57,110	4.0%
2003	1,192	69,929,872	58,666	4.0%
2004	1,193	71,480,981	59,917	3.8%
2005	1,199	71,450,808	59,592	3.8%
2006	1,205	77,512,830	64,326	6.2%
2007	1,200	81,784,800	68,154	5.4%
2008	1,194	82,088,694	68,751	7.1%
2009	1,192	77,890,048	65,344	12.2%
2010	1,233	N/A	N/A	12.7%
2011	N/A	N/A	N/A	N/A

Sources:

- (a) Population Information Provided by the NJ Dept of Labor and Workforce Development
- (b) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- (c) Per Capita Personal Income by County Estimated Based Upon the 2000 Census Published by the US Bureau of Economic Analysis.
- (d) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

MILFORD BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

MILFORD BOROUGH SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

FUNCTION / PROGRAM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction			17.6	18.6	17.7	17.7	14.2	14.6	15.6	14.6
Support Services:										
Related Services			3.2	3.1	3.1	3.1	3.2	3.2	3.2	3.2
General Administration			0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.4
School Administration			0.8	0.6	1.0	0.6	0.7	0.7	0.7	0.7
Business Office			0.5	1.0	1.0	1.0	0.6	0.6	0.6	0.6
Building Maintenance			0.8	0.8	0.8	0.8	1.8	1.8	1.8	1.8
Transportation			0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Cafeteria			0.7	0.7	0.5	0.5	0.6			
Total	-	-	24.3	25.5	24.8	24.5	21.8	21.6	22.6	21.6

Note: Information prior to 2004 is not available

MILFORD BOROUGH SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST EIGHT FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2004	110	\$ 1,689,810	\$ 15,362	N/A	26.0	1 to 6.90	110.0	104.8	N/A	95.27%
2005	117	1,835,350	15,687	2.11%	24.0	1 to 6.80	114.1	108.9	3.73%	95.44%
2006	117	1,983,878	16,956	8.09%	29.0	1 to 6.50	117.3	112.8	2.80%	96.16%
2007	120	2,213,579	18,446	8.79%	20.0	1 to 5.80	113.5	109.2	-3.24%	96.21%
2008	116	2,100,190	18,105	-1.85%	14.0	1 to 8.29	114.9	110.1	1.23%	95.82%
2009	102	2,167,399	21,249	17.36%	19.0	1 to 7.93	103.3	99.4	-10.10%	96.22%
2010	114	2,149,948	18,859	-11.25%	23.0	1 to 5.70	106.1	101.4	2.71%	95.57%
2011	116	2,098,234	18,088	-4.09%	23.0	1 to 5.04	117.1	112.0	10.37%	95.64%

Source: District Records

(a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

(b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

(c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

Note: Information prior to 2004 is not available

MILFORD BOROUGH SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elementary (1924)										
Square Feet	19,506	19,506	19,506	19,506	19,506	19,506	19,506	19,506	19,506	19,506
Capacity (Students)	151.0	151.0	151.0	151.0	151.0	151.0	151.0	151.0	151.0	151.0
Enrollment	N/A	N/A	116.0	122.0	120.0	118.0	116.0	102.0	114.0	116.0
Number of Schools at June 30, 2011:										
Elementary	1									
Middle School	0									
High School	0									
Other	0									

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

Note: Information prior to 2004 is not available

MILFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST EIGHT FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	<u>Amount</u>	<u>Total</u>
2004	\$ 17,787	\$ 17,787
2005	22,579	22,579
2006	31,739	31,739
2007	20,493	20,493
2008	25,611	25,611
2009	55,876	55,876
2010	28,183	28,183
2011	<u>25,392</u>	<u>25,392</u>
Total School Facilities	<u>\$ 227,660</u>	<u>\$ 227,660</u>

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

MILFORD BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
(UNAUDITED)

	<u>Coverage</u>
School Package Policy-School Alliance Insurance Fund:	
Property-Blanket Building & Contents (Fund Limit)	\$ 250,000,000
Comprehensive General Liability	5,000,000
Excess Liability	5,000,000
Blanket Dishonesty Bond	500,000
Boiler & Machinery-School Alliance Insurance Fund:	
Property Damage	100,000,000
Umbrella Liability-School Alliance Insurance Fund:	
Umbrella Policy	5,000,000
School Board Legal Liability-School Alliance Insurance Fund:	
Directors and Officers Policy	5,000,000
Worker's Compensation-School Alliance Insurance Fund:	
Per Accident, Disease and Disease Limit	5,000,000
Public Employees' Faithful Performance-Selective Insurance Co	
Treasurer of School Monies Bond	130,000
School Board Secretary Bond	130,000

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

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

November 30, 2011

Honorable President and
Members of the Board of Education
Milford Borough School District
County of Hunterdon, New Jersey

We have audited the financial statements of the Board of Education of the Milford School District in the County of Hunterdon as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

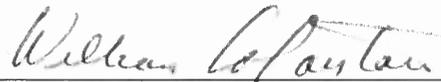
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education'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 these 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 that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the management of the Board of Education and 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.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04

November 30, 2011

Honorable President and
Members of the Board of Education
Milford Borough School District
County of Hunterdon, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Milford School District in the County of Hunterdon, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2011. The Board of Education's major federal and state programs are identified in the summary of auditor's 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 of Education's management. Our responsibility is to express an opinion on the Board of Education'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; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education'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 of Education's compliance with those requirements.

In our opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

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 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 for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

MILFORD BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2011			
									Accounts Receivable	Deferred Revenue	Due to Grantor	
US Department of Education Passed Through State Department of Education: General Revenue Fund: ARRA State Fiscal Stabilization Fund: Education Jobs Fund	84.410A	ARRA-318011	\$ 10,216	8/10/2010-9/30/2012								
Total General Revenue Fund					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund:												
NCLB Title IIA	84.367A	NCLB 318011	3,776	9/01/2010-8/31/2011			3,776		(3,776)			
NCLB Title IIA	84.367A	NCLB 318010	3,625	9/01/2009-8/31/2010	(3,549)	3,029	76		(596)			
NCLB Title IIA	84.367A	NCLB 318009	3,532	9/01/2008-8/31/2009	(263)	283		(20)				
NCLB Title IV	84.186A	NCLB 318009	165	9/01/2008-8/31/2009	(165)	165						
NCLB Title IV	84.186A	NCLB 318010	156	9/01/2009-8/31/2010	(156)	156						
Rural Education	84.358B	S358A O93056	21,463	7/01/2009-9/30/2010	(4,811)				(4,811)			
Rural Education	84.358B	S358A 103056	20,909	7/01/2010-9/30/2011			20,909		(20,909)			
ARRA IDEA Basic	84.391	ARRA 318010	23,050	9/01/2009-8/31/2011			23,050		(23,050)			
ARRA IDEA Pre School	84.392	ARRA 318010	834	9/01/2009-8/31/2011			834		(834)			
IDEA Basic	84.027	IDEA 318010	28,900	9/01/2009-8/31/2010	(28,900)	28,900						
IDEA Basic	84.027	IDEA 318011	28,041	9/01/2010-8/31/2011			28,041		(28,041)			
IDEA Pre School	84.173	IDEA 318010	1,434	9/01/2009-8/31/2010	(1,434)	1,434						
IDEA Pre School	84.173	IDEA 318011	1,452	9/01/2010-8/31/2011			1,452		(1,452)			
Total Special Revenue Fund					(39,278)	33,967	78,138	(20)	(83,469)	-	-	-
US Department of Agriculture Passed Through State Department of Education: Enterprise Fund:												
Food Distribution Program	10.550-	N/A	1,156	7/01/2010-6/30/2011		1,156	1,036			120		
Food Distribution Program	10.550-	N/A	1,152	7/01/2009-6/30/2010	122		122					
National School Lunch Program	10.555-	N/A	4,808	7/01/2009-6/30/2010	(357)	357						
National School Lunch Program	10.555-	N/A	6,471	7/01/2010-6/30/2011			6,471					
Total Enterprise Fund					(235)	7,984	7,629	-	-	120	-	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (39,513)	\$ 41,951	\$ 85,767	\$ (20)	\$ (83,469)	\$ 120	\$ -	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

MILFORD BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2010 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2011			Memo	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<u>State Department of Education</u>												
General Fund:												
Equalization Aid	11-495-034	\$ 151,959	7/01/2010-									
	-5120-078		6/30/2011		\$ 136,874	\$ 151,959		\$ (15,085)			\$ (15,085)	\$ 151,959
Equalization Aid	10-495-034	121,204	7/01/2009-									
	-5120-078		6/30/2010	\$ (13,787)	13,787							
Transportation Aid	10-495-034	6,482	7/01/2009-									
	-5120-014		6/30/2010	(737)	737							
Security Aid	10-495-034	8,167	7/01/2009-									
	-5120-084		6/30/2010	(929)	929							
Special Education Aid	11-495-034	53,376	7/01/2010-									
	-5120-089		6/30/2011		48,077	53,376		(5,299)			(5,299)	53,376
Special Education Aid	10-495-034	61,001	7/01/2009-									
	-5120-089		6/30/2010	(6,939)	6,939							
Adjustment Aid	10-495-034	74,192	7/01/2009-									
	-5120-085		6/30/2010	(8,439)	8,439							
Extraordinary Aid	10-100-034	32,883	7/01/2009-									
	-5120-473		6/30/2010	(32,883)	32,883							
Extraordinary Aid	11-100-034	25,840	7/01/2010-									
	-5120-473		6/30/2011			25,840		(25,840)			(25,840)	25,840
N/P Transportation Aid	10-495-034	423	7/01/2009-									
	-5120-014		6/30/2010	(423)	423							
N/P Transportation Aid	11-495-034	348	7/01/2010-									
	-5120-014		6/30/2011			348		(348)			(348)	348
Reimbursement TPAF Social Security Contribution	11-495-034	53,882	7/01/2010-									
	-5095-002		6/30/2011		51,164	53,882		(2,718)			(2,718)	53,882
Reimbursement TPAF Social Security Contribution	10-495-034	55,837	7/01/2009-									
	-5095-002		6/30/2010	(2,749)	2,749							
TPAF Post Retirement Medical	11-495-034	44,646	7/01/2010-									
	-5095-001		6/30/2011		44,646	44,646						44,646
TPAF Non-contributory Insurance	11-495-034	2,102	7/01/2010-									
	-5095-007		6/30/2011		2,102	2,102						2,102
Total General Fund				<u>(66,886)</u>	<u>349,749</u>	<u>332,153</u>	<u>\$ -</u>	<u>(49,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(49,290)</u>	<u>332,153</u>
Debt Service Fund:												
Debt Service Aid-State Support	11-495-034	42	7/01/2010-									
	-5120-017		6/30/2011		42	42						42
Total Debt Service Fund				<u>-</u>	<u>42</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42</u>
Capital Projects Fund:												
N J Schools Development Authority Health & Safety Improvements	SDA3180-050-07-OJAI	320,000	N/A									
				(150,310)		40,090		(190,400)			(190,400)	320,000
Total Capital Projects Fund				<u>(150,310)</u>	<u>-</u>	<u>40,090</u>	<u>-</u>	<u>(190,400)</u>	<u>-</u>	<u>-</u>	<u>(190,400)</u>	<u>320,000</u>
<u>State Department of Agriculture Enterprise Fund:</u>												
State School Lunch Program	10-100-010	349	7/01/2009-									
	-3350-023		6/30/2010	(26)	26							
State School Lunch Program	11-100-010	346	7/01/2010-									
	-3350-023		6/30/2011		346	346						346
Total Enterprise Fund				<u>(26)</u>	<u>372</u>	<u>346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346</u>
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (217,222)</u>	<u>\$ 350,163</u>	<u>\$ 372,631</u>	<u>\$ -</u>	<u>\$ (239,690)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (239,690)</u>	<u>\$ 652,541</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Milford Borough School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance 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. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$10,447 for the general fund and (\$4,385) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 342,600	\$ 342,600
Special Revenue Fund	\$ 73,753		73,753
Capital Projects Fund		40,090	40,090
Debt Service		42	42
Food Service Fund	<u>7,629</u>	<u>346</u>	<u>7,975</u>
	<u>\$ 81,382</u>	<u>\$ 383,078</u>	<u>\$ 464,460</u>

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011
(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

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

MILFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs:

Auditee qualified as a low-risk auditee

_____ Yes _____ No

State Awards

NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs:

Auditee Qualified as low-risk auditee

_____ Yes _____ No

Type of Auditor's Report Issued on Compliance
for Major Programs:

_____ Unqualified

Internal Control Over Major Programs:

1. Material weakness(es) identified?

_____ Yes _____ No

2. Reportable conditions identified
that are not considered to be material
weaknesses?

_____ Yes _____ No

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 04-04?

_____ Yes _____ No

Identification of Major Programs:

GMIS Numbers

Amount

Name of State Program

MILFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2011.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2011.

MILFORD BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

K-7

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.