MILFORD BOROUGH

BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MILFORD BOROUGH BOARD OF EDUCATION

MILFORD BOROUGH, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by

MILFORD BOROUGH BOARD OF EDUCATION

DEPARTMENT OF ADMINISTRATION

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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 15, 2012

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, 2012, 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 2011-12 fiscal year with an enrollment of 122 students, which is above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last eleven 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
2011-2012	122.0	4.2

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. A grant completely funds our school counseling service.

Due to our low enrollment in one grade it was necessary to place our second and third graders in a combined 2/3 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. We have several students whose parents pay tuition to attend Milford School because of our small student/teacher ratio. During the 2013-2014 school year, we will be a school choice school and will receive revenue for students who attend from other districts.

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 endure 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, 2012.

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, 2012.

Revenues	Amount 2011-12	% of Total	Increase/ (Decrease) from Prior Yr	%Increase (Decrease)
Local Sources				
Taxes	$1,690,000	78.99	$ (3,885)	-0.23
Debt	46,759	2.19	(1,002)	-2.10

Other	61,849	2.89	(9,456)	-13.26
State Sources	281,129	13.14	49,564	21.40
Federal Sources	59,784	2.79	(14,178)	-19.17
Total	$2,139,521	100.00	$ 21,043	0.99

Expenditures

General Fund:				
Current Expense	$1,981,896	95.34	$ 33,465	1.72
Capital Outlay	817	.04	(588)	-41.85
Special Revenues	49,248	2.37	(24,714)	-33.41
Debt Service				
Principal	25,211	1.21	1	*
Interest	21,589	1.04	(1,003)	-4.44
Total	$2,078,761	100.00	$ 7,161	.35

*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, 2012 the District had outstanding debt issues of $430,422 at an interest rate of 4.00 to 5.125%. The District also had $190,400 of authorized, unissued debt on June 30, 2012 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 statue 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.

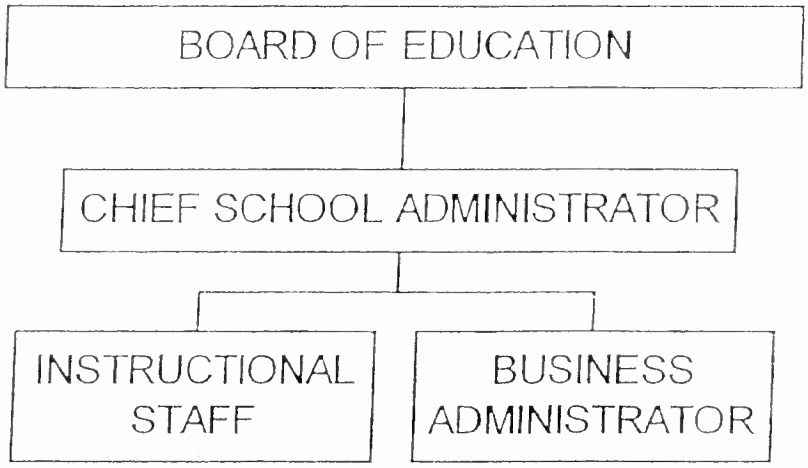
12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of Milford School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial 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, 2012

Members of the Board of Education		**Term Expires**
Theresa Kane	President	2014
Elizabeth Johnson	Vice President	2013
Seamus O'Connell		2012
Timothy Torrey		2013
Terri Heller		2014

Other Officials	
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 Architectual Group

Attorney

John Comegno
Philip Stern

Official Depository

PNC Bank

FINANCIAL SECTION

William M. Colantano, Jr.
A Professional Corporation

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 15, 2012

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, 2012, 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's 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 previously 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, 2012, 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 our report dated November 15, 2012 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.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education's financial statements. The schedules of expenditures of federal awards and state financial assistance as required by 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", respectively and other accompanying supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance and other accompanying supplementary information are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education's basic financial statements. The introductory section, statistical section and other accompanying information are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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, 2012. 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

- In total, net assets increased $292,768, which represents a 50.47% increase from 2011.
- General revenues accounted for $ 2,164,698 in revenue or 85.80 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for $ 358,142 or 14.2 percent of total revenues of $2,522,840.
- Total assets of governmental activities increased by $263,200. As cash and cash equivalents increased by $88,857, receivables and other assets increased by $193,785, and capital assets decreased by $19,442.
- The School District had $2,230,072. in expenses; only $129,902 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of $ 2,164,698 were adequate to provide for these expenses.
- Among major funds, the General Fund had $ 2,167,701 in revenues and $2,110,525 in expenditures. The General Fund's balance increased $57,176 over 2011.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

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.

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 2012 compared to 2011.

Table 1
Net Assets

			Variance	
	6/30/2012	6/30/2011	Dollars	Percent
ASSETS				
Current & Other Assets	550,751	329,962	(66,819)	109.3
Capital Assets	835,854	769,762	83,706	-2.06
Total Assets	1,386,605	1,099,724	16,887	-24.18
LIABILITIES				
Long Term Liabilities	483,264	553,912	(39,751)	-6.01
Other Liabilities	30,464	52,536	(30,195)	36.36
Total Liabilities	513,728	606,448	(69,946)	-4.24
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	374,165	357,003	17,162	4.81
Restricted	74,105	(144,437)	218,542	-151.31
Unrestricted	424,607	367,543	57,064	15.53
	872,877	580,109	292,768	50.47

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Total assets increased $269,994. Cash and cash equivalents increased by $95,340, receivables and other assets increased by $192,268 and capital assets decreased by $17,614. 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 $57,064 due to a reduction in expenditures and an increase in state aid.

Table 2 shows changes in net assets for fiscal year 2012.

Table 2
Changes on Net Assets

			Variance	
	6/30/2012	6/30/2011	Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	72,932	81,880	(8,948)	(10.93)
Operating Grants	56,970	81,728	(24,758)	(30.29)
Capital Grants	228,240	-	228,240	
General Revenues:				
Property Taxes	1,736,759	1,741,646	(4,887)	(0.28)
Unrestricted Grants	415,287	243,642	72,645)	21.2
Capital Grant-Unrestricted	-	-	-	
Other	12,652	10,920	1,732	15.86
Total Revenues	2,522,840	2,258,816	264,024	11.69
PROGRAM EXPENSES				
Instruction:				
Regular	848,431	802,131	46,300	5.77
Special	288,379	258,421	29,958	11.59
Other	21,188	18,207	2,981	16.37
Support Services:				
Tuition	83,704	170,910	(87,206)	(51.02)
Student & Instructional Staff	390,366	384,545	5,821	1.51
General & Business Administration	147,482	141	6,140	4.34
School Administration	48,247	43,577	4,670	10.72
Maintenance	219,709	162,360	57,349	35.32
Transportation	114,722	140,387	(25,665)	(18.28)
Food Service	42,667	34,277	8,390	24.48
Interest on Long Term Debt	25,177	15,826	9,351	59.09
Total Expenses	2,230,072	2,171,983	58,089	2.67
Increase (Decrease) in Net Assets	292,768	865,833	205,935	237.16

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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 69.69 percent of revenues for governmental activities for the Milford School District for fiscal year 2012.

Instruction comprises 51.93 percent of district expenses. Support service expenses and debt service make up 48.07 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	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Instruction	1,157,998	1,078,759	1,094,600	1,000,182
Support Services:				
Tuition	83,704	170,910	54,089	129,869
Student & Instructional Staff	390,366	384,545	387,267	374,157
General & Business Administration	147,482	141,342	147,482	141,342
School Administration	48,247	43,577	48,247	43,577
Plant Operations & Maintenance	219,709	162,360	216,765	158,017
Pupil Transportation	114,722	140,387	114,722	140,387
Food Services	42,667	34,277	11,821	5,018
Interest on Long Term Debt	25,177	15,826	25,177	15,826
Unallocated Benefits & Depreciation				
	2,230,072	2,171,983	2,100,170	2,008,375

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 85.80 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 $2,491,991 and expenditures of $2,216,273. The net positive change in fund balance for the year was most significant in the Capital Projects, an increase of $218,542 due to state grants of $228,240.

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.

During the course of fiscal year 2012, 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 $77,017, over the original budgeted estimates of $1,967,062. This difference was due primarily to additional sources of revenue (miscellaneous and State aid).

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Capital Assets

At the end of the fiscal year 2012, the School District had 835,854 invested in land, building, furniture and equipment and vehicles.

Table 4 shows fiscal year 2012 compared to 2011.

TABLE 4
CAPITAL ASSETS (NET OF DEPRECIATION)

			VARIANCE	
	6/30/2012	6/30/2011	Dollars	Percent
Land	26,248	26,248	-	
Construction In Progress	5,443	-	5,443	
Land Improvements	1,538	2,564	(1,026)	(40.02)
Buildings & Improvements	755,910	772,246	(16,336)	(2.12)
Machinery & Equipment	46,715	52,410	(5,695)	(10.87)
	835,854	853,468	(17,614)	(2.06)

Overall capital assets decreased $17,614 from fiscal year 2011 to fiscal year 2012. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year.

Debt Administration

At June 30, 2012, the School District had $483,264 of outstanding debt. Of this amount, $21,575 is for compensated absences, $430,422 for bonds for school improvements.

At June 30, 2012, the School District's overall legal debt margin was $4,267,853 and the unvoted debt margin was $3,647,031.

TABLE 5
OUTSTANDING DEBT AT YEAR END

			VARIANCE	
	6/30/2012	6/30/2011	Dollars	Percent
2009 Bond Issue	430,000	455,000	(25,000)	(5.49)
2001 General Obligation Bonds	422	632	(210)	(33.23)
	430,422	455,632	(25,210)	(5.53)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

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 Commission as a shared service for technology. We also engage in shared services with other districts for software purchases, curriculum writing and staff development.

We share custodians and groundskeepers with our local government.

Due to our low enrollment it was necessary to place our second and third graders in a combined 2/3 classroom with one teacher.

In addition, our preschool program includes 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 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, 2012

	Govern-mental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	$ 156,880	$ 8,723	$ 165,603
Receivables, Net	312,262	246	312,508
Due from Other Funds	1,000		1,000
Internal Balances	(2,118)	2,118	
Inventory		325	325
Bond Issuance Costs, Net	20,711		20,711
Restricted Assets:			
Cash	50,604		50,604
Capital Assets, Net (Note 4):			
Land and Construction in Progress	31,691		31,691
Other Capital Assets, Net of Depreciation	797,967	6,196	804,163
Total Assets	1,368,997	17,608	1,386,605
LIABILITIES			
Deferred Revenue	19,205	325	19,530
Due to Other Funds	360		360
Accrued Interest	10,574		10,574
Long-Term Liabilities (Note 5):			
Due Within One Year	35,193		35,193
Due Beyond One Year	426,496		426,496
Compensated Absences Payable	21,575		21,575
Total Liabilities	513,403	325	513,728
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	367,969	6,196	374,165
Restricted For:			
Capital Reserve	45,000		45,000
Capital Project	29,105		29,105
Unrestricted	413,520	11,087	424,607
TOTAL NET ASSETS	$ 855,594	$ 17,283	$ 872,877

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contribution	Program Revenues: Capital Grants & Contribution	Net (Expense) Revenue & Changes in Net Assets: Governmental Activities	Net (Expense) Revenue & Changes in Net Assets: Business-Types Activities	Net (Expense) Revenue & Changes in Net Assets: Total
Government Activities:								
Instruction:								
Regular	$ 654,650	$ 193,781	$ 46,864	$ 5,997		$ (795,570)		$ (795,570)
Special Education	205,852	82,527		10,537		(277,842)		(277,842)
Other Instruction	20,828	360				(21,188)		(21,188)
Support Services:								
Tuition	83,704			29,615		(54,089)		(54,089)
Students & Instruction Related Services	337,103	53,263		3,099		(387,267)		(387,267)
General & Business Administrative Services	140,612	6,870				(147,482)		(147,482)
School Administrative Services	38,522	9,725				(48,247)		(48,247)
Plant Operations & Maintenance	182,940	36,769	2,944			(216,765)		(216,765)
Pupil Transportation	96,841	17,881				(114,722)		(114,722)
Interest on Long-Term Debt	25,177					(25,177)		(25,177)
Total Government Activities	1,786,229	401,176	49,808	49,248	$ -	(2,088,349)	$ -	(2,088,349)
Business-Type Activities:								
Food Service	42,667		23,124	7,722			(11,821)	(11,821)
Total Primary Government	$ 1,828,896	$ 401,176	$ 72,932	$ 56,970	$ -	(2,088,349)	(11,821)	(2,100,170)
			General Revenues					
			Property Taxes Levied for General Purposes			1,690,000		1,690,000
			Property Taxes Levied for Debt Service			46,759		46,759
			Federal & State Aid not Restricted			415,287		415,287
			State Capital Grants			228,240		228,240
			Investment Earnings			237	3	240
			Miscellaneous Income			12,412		12,412
			Operating Transfers			(18,407)	18,407	
			Total General Revenues, Special Items & Transfers			2,374,528	18,410	2,392,938
			Change in Net Assets			286,179	6,589	292,768
			Net Assets-Beginning			569,415	10,694	580,109
			Net Assets-Ending			$ 855,594	$ 17,283	$ 872,877

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, 2012

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern-mental Funds
ASSETS					
Cash & Cash Equivalents	$ 156,880				$ 156,880
Receivables from Other Governments:					
State	36,847		$ 221,043		257,890
Federal	10,536	$ 37,886			48,422
Other Receivables	5,950				5,950
Due from Other Funds	217,473				217,473
Restricted Cash & Equivalents	48,473		2,131		50,604
TOTAL ASSETS	$ 476,159	$ 37,886	$ 223,174	$ -	$ 737,219
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds	$ 2,478	$ 22,404	$ 194,069		$ 218,951
Deferred Revenue	3,723	15,482			19,205
Total Liabilities	6,201	37,886	194,069	$ -	238,156

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012
(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
Excess Fund Balance	3,473				3,473
Committed Fund Balance:					
Year End Encumbrances	141,415				141,415
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures	20,611		$ 28,222		48,833
Unassigned Fund Balance	259,459		883		260,342
Total Fund Balances	469,958	$ -	29,105	$ -	499,063
TOTAL LIABILITIES AND FUND BALANCES	$ 476,159	$ 37,886	$ 223,174	$ -	

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	$ 1,295,640	
and the accumulated depreciation is	465,982	
		829,658
Long-term liabilities, Including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds		(483,264)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(10,574)
Bond issuance costs are reported as expenditures in the governmental funds. The cost is	25,889	
and the accumulated amortization is	5,178	
		20,711
Total Net Assets of Governmental Activities		$ 855,594

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, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern-mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	$ 1,690,000			$ 46,759	$ 1,736,759
Tuition-Individuals	46,864				46,864
Interest on Investments	235		$ 2		237
Miscellaneous	15,356				15,356
Total	1,752,455	$ -	2	46,759	1,799,216
State Sources	404,710		228,240	41	632,991
Federal Sources	10,536	49,248			59,784
Total Revenues	2,167,701	49,248	228,242	46,800	2,491,991
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	648,653	5,997			654,650
Special Education Instruction	195,315	4,285			199,600
Other Special Instruction		6,252			6,252
Other Instruction	20,828				20,828
Support Service & Undistributed Costs:					
Tuition	54,089	29,615			83,704
Student & Instruction Related Services	334,004	3,099			337,103
General & Business Administrative Services	140,612				140,612
School Administrative Services	38,522				38,522
Plant Operations & Maintenance	182,940				182,940
Pupil Transportation	108,183				108,183
Unallocated Benefits	361,655				361,655

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, 2012
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern-mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay			$ 9,700		$ 9,700
Debt Services:					
Principal				$ 25,210	25,210
Interest & Other Charges	$ 817			21,590	22,407
Total Expenditures	2,085,618	$ 49,248	9,700	46,800	2,191,366
Excess (Deficiency) of Revenues Over (Under) Expenditures	82,083	-	218,542	-	300,625
Other Financing Sources (Uses):					
Operating Transfers (Out)-Cafeteria	(18,407)				(18,407)
Operating Transfers (Out)-State Unemployment	(6,500)				(6,500)
Total Other Financing Sources (Uses)	(24,907)	-	-	-	(24,907)
Net Change in Fund Balance	57,176	-	218,542	-	275,718
Fund Balances, July 1	412,782	-	(189,437)	-	223,345
Fund Balances, June 30	$ 469,958	$ -	$ 29,105	$ -	$ 499,063

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, 2012

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		$ 275,718
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 asserts is allocated over their estimated useful lives as depreciation expenses:		
Capital Outlays	$ 9,700	
Depreciation Expense	(29,142)	
		(19,442)
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	9,566	
		34,776
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.		732
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.		(3,879)
Change in Net Assets of Governmental Activities		$ 286,179

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Food Service Total
ASSETS	
Current Assets:	
Cash & Cash Equivalents	$ 8,723
Receivables from Other Governments:	
State	16
Federal	230
Due from Other Funds	2,118
Inventory	325
Total Current Assets	11,412
Noncurrent Assets:	
Capital Assets	22,915
Less: Accumulated Depreciation	16,719
Total Noncurrent Assets	6,196
Total Assets	17,608
LIABILITIES	
Current Liabilities:	
Deferred Revenues	325
Total Liabilities	325
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	6,196
Unrestricted	11,087
TOTAL NET ASSETS	$ 17,283

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, 2012

	Food Service Total
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	$ 18,188
Daily Sales-Nonreimburseable Programs	4,936
Total Operating Revenues	23,124
Other Expenses:	
Costs of Sales	26,676
Salaries	7,775
Employee Benefits	540
Insurance	742
Management Fees	2,000
Supplies	3,128
Other Purchased Services	1,152
Depreciation	654
Total Operating Expenses	42,667
Operating Income (Loss)	(19,543)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	381
Other	19
Federal Sources:	
National School Lunch Program	6,328
Food Distribution Program	994
Interest Income	3
Total Nonoperating Revenues (Expenses)	7,725
Other Financing Sources:	
Operating Transfer In	18,407
Total Other Financing Sources	18,407
Change in Net Assets	6,589
Net Assets, Beginning	10,694
Net Assets, Ending	$ 17,283

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Food Service Total
Cash Flows from Operating Activities:	
Operating Income (Loss)	$ (19,543)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	654
Federal Food Distribution Program	994
(Increase) Decrease in Interfund Receivable	1,968
Net Cash Provided by (Used For) Operating Activities	(15,927)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State & Federal Reimbursements	6,482
Operating Transfer In	18,407
Net Cash Provided by (Used For) Noncapital Financing Activities	24,889
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(2,482)
Net Cash Provided by (Used For) Capital Financing Activities	(2,482)
Cash Flows from Investing Activities:	
Interest Income	3
Net Cash Provided by (Used For) Investing Activities	3
Net Increase (Decrease) in Cash and Cash Equivalents	6,483
Cash and Cash Equivalents, July 1, 2011	2,240
Cash and Cash Equivalents, June 30, 2012	$ 8,723

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	$ 23,478	$ 13,374	$ 6,932
Due from Other Funds		360	
TOTAL ASSETS	23,478	$ 13,734	$ 6,932
LIABILITIES			
Accounts Payable	113		
Due to Other Funds			$ 1,000
Due to Student Groups		$ 13,734	
Payroll Deductions & Withholdings			5,932
TOTAL LIABILITIES	113	$ 13,734	$ 6,932
NET ASSETS	$ 23,365		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	$ 2,795
Investment Earnings-Interest	19
Total Additions	2,814
DEDUCTIONS	
Unemployment Claims	7,628
	(4,814)
Other Financing Sources:	
Transfers in from General Fund	6,500
Change in Net Assets	1,686
Net Assets, Beginning of the Year	21,679
Net Assets, End of the Year	$ 23,365

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

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, 2012 of 122 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.

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.

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.

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

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, 2012 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.

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 2011-2012 and 2010-2011 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, 2012.

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:

Assets	Years
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.

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, 2012 consists of the following:

Capital Reserve	$	45,000
Capital Project		29,105
	$	74,105

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.

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, 2012 appear in the financial statements as summarized below:

	Ref.	
Cash		$ 259,991
Cash:		
Governmental Funds, Statement of Net Assets	B-1	$ 207,484
Enterprise Fund, Statement of Net Assets	B-4	8,723
Fiduciary Funds, Statement of Net Assets	B-7	43,784
Total Cash		$ 259,991

Deposits – The District's carrying amount of bank deposits at June 30, 2012 is $259,991 and the bank balance is $337,112. Of the bank balance, $250,000 is covered by federal depositary insurance and $87,112 is insured by GUDPA.

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 of 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, 2012, the district has no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	$ 26,248			$ 26,248
Construction in Progress		$ 5,443		5,443
Total	26,248	5,443	$ -0-	31,691
Capital Assets, Being Depreciated:				
Land Improvements	74,250			74,250
Building & Improvements	1,032,734	4,257		1,036,991
Furniture & Equipment	152,708			152,708
Total	1,259,692	4,257	-0-	1,263,949

NOTE 4. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Accumulated Depreciation:				
Land Improvements	$ 71,686	$ 1,026		$ 72,712
Building & Improvements	260,488	20,593		281,081
Furniture & Equipment	104,666	7,523		112,189
Total	436,840	29,142	$ -0-	465,982
Total Capital Assets, Being Depreciated, Net	822,852	(24,885)	-0-	797,967
Governmental Activities Capital Assets, Net	$ 849,100	$ (19,442)	$ -0-	$ 829,658
Business-Type Activities:				
Furniture & Equipment	$ 20,433	$ 2,482		$ 22,915
Less: Accum Depreciation	16,065	654		16,719
Business-Type Activities Capital Assets, Net	$ 4,368	$ 1,828	$ -0-	$ 6,196

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

Instruction:	
Regular	$ 11,309
Special Education	3,556
Other Instruction	360
Support Services:	
Student & Instruction	5,823
General & Business Admin	2,429
School Administration	665
Transportation	5,000
Total Depreciation Expense, Governmental Activities	$ 29,142

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2012 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Loan Payable	$ 632		$ 210	$ 422	$ 211
Bonds Payable	455,000		25,000	430,000	25,000
Capital Leases	40,833		9,566	31,267	9,982
Compensated Absences Payable	17,696	$ 4,021	142	21,575	
Total Governmental Activities Long-Term Liabilities	$ 514,161	$ 4,021	$ 34,918	$ 483,264	$ 35,193

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, 2012 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
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	30,000	15,375	45,375
2018-2022	165,000	52,659	217,659
2023-2025	120,000	9,225	129,225
Total	$ 430,422	$ 154,222	$ 584,644

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

Bonds and Loans Payable – Loans payable at June 30, 2012, 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	$ 422
$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%	430,000
	$ 430,422

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, 2012:

Year Ending June 30,	General Fund
2013	$ 11,342
2014	11,342
2015	11,342
Total Minimum Lease Payments	34,026
Amount Representing Interest	2,759
Present Value of Minimum Leases Payments	$ 31,267

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, 2012 is $4,267,853. General obligation debt at June 30, 2012 is $620,822, resulting in a legal debt margin of $3,647,031.

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.

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.

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 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. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual 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 noncontributing employer of the TPAF.

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

Year Funding	TPAF Retirement Benefit Costs	Percentage of APC Contributed
06/30/12	$ 70,329	100%
06/30/11	46,748	100%
06/30/10	47,917	100%

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements (cont'd)

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/12	$ 18,880	100%
06/30/11	20,797	100%
06/30/10	14,317	100%

During the year ended June 30, 2012, the State of New Jersey contributed $46,966 to the TPAF for post-retirement medical benefits, $2,264 for non-contributory insurance premiums and $21,099 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board $57,483 during the year ended June 30, 2012 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, 2011, there were 93,323 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 2011, the State paid $144 million toward Ch 126 benefits for 15,079 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.

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

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer definer 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.

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/treasurypensionspdf/financial/gasb-43-july2011.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, 2012 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	$ 217,473	$ 2,478
Capital Projects Fund		194,069
Enterprise Fund	2,118	
Special Revenue Fund		22,404
Student Activity Agency Fund	360	
Payroll Agency Fund		1,000
	$ 219,951	$ 219,951

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES (Cont'd)

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. The amount due from the Payroll Agency Fund represents a loan for cash flow purposes and the amount due to the Student Activity Agency Fund represents receipt that were not transferred by the end of the year.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2012 consisted of the following:

Food	$ 325

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:

Fiscal Year	Board Contrib	Interest Earnings	Employee Contrib	Amount Reimbursed	Ending Balance
2011-2012	$ 6,500	$ 19	$ 2,795	$ 7,628	$ 23,365
2010-2011	20,000	4	2,849	3,825	21,679
2009-2010	12,000	24	2,923	22,662	2,651

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, 2012 and 2011 is as follows:

	2012	2011
Restricted:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	$ 45,000	$ 45,000
Excess Surplus-Represents amount in excess of allowable Percentage of expenditures. In accordance with State Statue the excess surplus is designated for utilization succeeding years budgets	3,473	
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,	141,415	158,252
Assigned:		
Designated Surplus-Designated for Subsequent Year's Expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements	20,611	
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	284,033	229,914
Total Fund Balance	$ 494,532	$ 433,166

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, 2012 is $3,473.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

REVENUES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	$ 1,690,000		$ 1,690,000	$ 1,690,000	
Other Local Governmental Units-Unrestricted	4,400		4,400	2,944	$ (1,456)
Tuition-Individuals	30,000	$ 7,300	37,300	46,864	9,564
Interest Earned on Investments				235	235
Unrestricted Miscellaneous Revenues	6,500		6,500	12,412	5,912
Total	1,730,900	7,300	1,738,200	1,752,455	14,255
State Sources:					
Categorical Special Education Aid	53,376		53,376	53,376	
Equalization Aid	172,570		172,570	193,181	20,611
Extraordinary Special Education Aid				33,322	33,322
Nonpublic School Transportation Aid				710	710
Anti Bullying Bill of Rights Act Aid				499	499
On-Behalf TPAF Payments				70,329	70,329
Reimbursed TPAF Social Security Contribution				57,483	57,483
Total	225,946	-	225,946	408,900	182,954
Federal Sources:					
Education Jobs Fund	10,216	320	10,536	10,536	
Total	10,216	320	10,536	10,536	-
TOTAL REVENUES	$ 1,967,062	$ 7,620	$ 1,974,682	$ 2,171,891	$ 197,209
EXPENDITURES					
Current:					
Instruction-Regular Programs:					
Salaries of Teachers:					
Aide Before/After Care		$ 6,200	$ 6,200	$ 6,157	$ 43
Kindergarten	$ 81,851	3,853	85,704	85,694	10
Grades 1-5	181,613	59,179	240,792	240,792	
Grades 6-8	222,451	(23,461)	198,990	198,978	12
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	6,242	(4,800)	1,442	1,442	
Purchased Professional-Educational Services	54,038	(27,389)	26,649	26,649	
Other Purchased Services	23,201	(2,114)	21,087	20,753	334
General Supplies	42,302	38,167	80,469	66,353	14,116
Aide Before/After Care Supplies		106	106	106	
Textbooks	10,500	2,901	13,401	1,729	11,672
Other Objects	1,000	(1,000)			
Total	623,198	51,642	674,840	648,653	26,187
Special Education:					
Resource Room/Center:					
Salaries of Teachers	103,775	825	104,600	104,600	
Other Salaries for Instruction	35,488	2,694	38,182	36,181	2,001
Other Purchased Services	500	(500)			
General Supplies	1,500	(316)	1,184	935	249
Textbooks	250	(250)			
Total	141,513	2,453	143,966	141,716	2,250
Preschool Disabilities-Part-Time:					
Salaries of Teachers	45,671	204	45,875	45,875	
Other Salaries for Instruction		7,300	7,300	7,263	37
Other Purchased Services	490	(487)	3		3
General Supplies		799	799	461	338
Total	46,161	7,816	53,977	53,599	378
Total Special Education	187,674	10,269	197,943	195,315	2,628

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Basic Skills/Remedial - Instruction:					
General Supplies	$ 250		$ 250		$ 250
Total	250	$ -	250	$ -	250
School-Sponsored Co/Extra-Curricular Activities:					
Salaries	8,150	1,675	9,825	9,635	190
Supplies & Materials	500	(400)	100	94	6
Total	8,650	1,275	9,925	9,729	196
School-Sponsored Athletics:					
Salaries	7,200		7,200	7,200	
Purchased Services	3,840	(850)	2,990	2,766	224
Supplies & Materials	1,500		1,500	1,133	367
Total	12,540	(850)	11,690	11,099	591
Total Instruction Regular	$ 832,312	$ 62,336	$ 894,648	$ 864,796	$ 29,852
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Within State-Regular		$ 1,749	$ 1,749		$ 1,749
Private Schools for the Disabled Within State	$ 61,340	32,406	93,746	$ 54,089	39,657
Total	61,340	34,155	95,495	54,089	41,406
Health Services:					
Salaries	71,587	1,378	72,965	72,782	183
Purchased Professional & Technical Services	2,000	(1,000)	1,000	1,000	
Supplies & Materials	1,700	1,059	2,759	1,662	1,097
Total	75,287	1,437	76,724	75,444	1,280
Speech, OT, PT & Related Services					
Purchased Professional-Educational Services	73,000	(5,857)	67,143	67,109	34
Supplies & Materials	1,000	90	1,090	1,074	16
Total	74,000	(5,767)	68,233	68,183	50
Other Supp. Serv. Students–Extra Serv:					
Purchased Professional-Educational Services	26,000	4,198	30,198	28,198	2,000
Total	26,000	4,198	30,198	28,198	2,000
Child Study Team:					
Salaries of Other Professional Staff	29,737	382	30,119	30,119	
Salaries of Secretarial & Clerical Assistants	31,688	1,000	32,688	30,884	1,804
Purchased Professional-Educational Services	94,060	(546)	93,514	91,332	2,182
Miscellaneous Purchased Services	1,350	(1,229)	121	15	106
Supplies & Materials	500	2,820	3,320	1,310	2,010
Total	157,335	2,427	159,762	153,660	6,102

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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	$ 6,980	$ 159	$ 7,139	$ 6,794	$ 345
Supplies and Materials		900	900		900
Total	6,980	1,059	8,039	6,794	1,245
Instructional Staff Training Services:					
Purchased Professional-Educational Services	1,630	95	1,725	1,725	
Supplies and Materials	100	(100)			
Total	1,730	(5)	1,725	1,725	-
Support Services-General Administration:					
Purchased Services-CSA		36,538	36,538	36,538	
Legal Services	5,000	26,002	31,002	30,029	973
Audit Fees	10,000	(300)	9,700	9,700	
Other Purchased Professional Services	39,660	(39,078)	582	450	132
Miscellaneous Purchased Services	2,100	(433)	1,667	1,667	
General Supplies	100	(11)	89	89	
Miscellaneous Expenditures	300	(260)	40	40	
Board of Education Membership Dues and Fees	3,786	(1,250)	2,536	2,457	79
Total	60,946	21,208	82,154	80,970	1,184
Support Services-School Administration:					
Salaries of Principals/Assist Principals	29,737	323	30,060	30,060	
Salaries of Secretarial and Clerical Assistants	6,790	1,672	8,462	8,462	
Other Purchased Services	500	(500)			
Supplies & Materials	100	(100)			
Total	37,127	1,395	38,522	38,522	-
Central Services:					
Salaries	7,536	2,292	9,828	7,236	2,592
Purchased Professional Services	47,800	2,000	49,800	49,206	594
Purchased Technical Services	3,190	10	3,200	3,200	
Supplies & Materials	100	126	226		226
Total	58,626	4,428	63,054	59,642	3,412
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	42,450	20,237	62,687	49,842	12,845
Total	42,450	20,237	62,687	49,842	12,845
Custodial Services:					
Salaries	46,627	(2,799)	43,828	39,691	4,137
Purchasing Professional & Technical Services	6,200	5,611	11,811	9,427	2,384
Cleaning, Repair, and Maintenance Services		2,000	2,000		2,000
Other Purchased Property Services	3,450	935	4,385	3,808	577
Insurance	11,829	(1,530)	10,299	6,797	3,502
Miscellaneous Purchased Services	500	(153)	347	36	311
General Supplies	7,801	11,927	19,728	13,394	6,334
Energy (Electricity)	25,000	(2,356)	22,644	21,812	832
Energy (Oil)	21,000	22,125	43,125	28,033	15,092
Total	122,407	35,760	158,167	122,998	35,169
Care & Upkeep of Grounds:					
Salaries	10,000	100	10,100	10,100	
Total	10,000	100	10,100	10,100	-

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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	$ 9,055	(1,800)	$ 7,255	$ 6,655	$ 600
Salaries for Pupil Trans (Between Home & School)-Special Education	36,306	9,396	45,702	45,279	423
Salaries for Pupil Trans (Other than Between Home & School)	3,040	1,800	4,840	1,007	3,833
Cleaning, Repair & Maintenance Services	1,500	(1,121)	379	379	
Lease Purchase Payments-School Buses	11,343		11,343	11,342	1
Contracted Services (Other than Between Home & School)-Vendors	2,000	(1,222)	778	436	342
Contracted Services (Special Education Students)-Vendors		1,892	1,892		1,892
Contracted Services (Special Education Students)-Joint Agreements	40,040	(17,407)	22,633	22,633	
Contracted Services (Special Education Students)-ESCs & CTSAs		7,712	7,712	7,712	
Contracted Services-AIL of Payments-Nonpublic	5,700	415	6,115	5,329	786
Miscellaneous Purchased Services	1,000	(693)	307	307	
Supplies and Materials	5,100	3,481	8,581	7,104	1,477
Total	115,084	2,453	117,537	108,183	9,354
Allocated Benefits-Employee:					
Regular Programs:					
Social Security Contributions	755	20	775	761	14
Other Retirement Contributions-PERS	3,832		3,832	3,832	
Unemployment Compensation	10,000	(10,000)			
Workmen's Compensation	3,145	(1,000)	2,145	2,004	141
Flexible Spending Plan		250	250	250	
Health Benefits	109,398	(22,550)	86,848	86,848	
Total	127,130	(33,280)	93,850	93,695	155
Special Programs:					
Social Security Contributions	1,445		1,445	1,411	34
Other Retirement Contributions-PERS	5,594	(2,495)	3,099	3,099	
Workmen's Compensation	1,100		1,100	1,100	
Health Benefits	45,922		45,922	45,165	757
Tuition Reimbursement	1,980	(1,575)	405	402	3
Total	56,041	(4,070)	51,971	51,177	794
Other Instructional Programs:					
Social Security Contributions	1,000		1,000	993	7
Total	1,000	-	1,000	993	7
Health Services:					
Workmen's Compensation	722		722	722	
Health Benefits	18,922	(3,978)	14,944	14,943	1
Total	19,644	(3,978)	15,666	15,665	1

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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	$ 2,161	$ 2,000	$ 4,161	$ 4,106	$ 55
Other Retirement Contributions-PERS	2,600		2,600	2,600	
Workmen's Compensation	751		751		751
Health Benefits	7,647		7,647	7,647	
Total	13,159	2,000	15,159	14,353	806
Support Services-General Administration:					
Other Retirement Contributions-PERS	600		600	600	
Total	600	-	600	600	-
Support Services-School Administration:					
Social Security Contributions	775		775	692	83
Workmen's Compensation	400		400	400	
Health Benefits	4,787	(600)	4,187	3,492	695
Total	5,962	(600)	5,362	4,584	778
Central Services:					
Social Security Contributions	50		50	30	20
Other Retirement Contributions-PERS	500		500	500	
Workmen's Compensation	300		300	300	
Health Benefits	1,875	1,000	2,875	2,875	
Total	2,725	1,000	3,725	3,705	20
Other Operation & Maintenance of Plant Services:					
Social Security Contributions	8,114	3,400	11,514	10,420	1,094
Other Retirement Contributions-PERS	6,271		6,271	6,271	
Workmen's Compensation	3,010	(101)	2,909	2,393	516
Health Benefits	17,405		17,405	17,405	
Total	34,800	3,299	38,099	36,489	1,610
Student Transportation Services:					
Social Security Contributions	1,760	2,000	3,760	2,785	975
Other Retirement Contributions-PERS	1,978		1,978	1,978	
Workmen's Compensation	2,899	(1,200)	1,699	896	803
Health Benefits	8,923	(2,000)	6,923	6,923	
Total	15,560	(1,200)	14,360	12,582	1,778
Total Allocated Benefits	276,621	(36,829)	239,792	233,843	5,949

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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)			
Total	8,000	(8,000)	$ -	$ -	$ -
On-Behalf TPAF Payments				70,329	(70,329)
Reimbursed TPAF Social Security Contribution				57,483	(57,483)
Total	-	-	-	127,812	(127,812)
Total Undistributed Expenditures	$ 1,133,933	$ 78,256	$ 1,212,189	$ 1,220,005	$ (7,816)
TOTAL CURRENT	$ 1,966,245	$ 140,592	$ 2,106,837	$ 2,084,801	$ 22,036
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	$ 817		$ 817	$ 817	
TOTAL CAPITAL OUTLAY	$ 817	$ -	$ 817	$ 817	$ -
TOTAL EXPENDITURES	$ 1,967,062	$ 140,592	$ 2,107,654	$ 2,085,618	$ 22,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ (132,972)	$ (132,972)	$ 86,273	$ 219,245
Other Financing Sources (Uses):					
Operating Transfer Out-Cafeteria		(18,780)	(18,780)	(18,407)	(373)
Operating Transfer Out-Unemployment Comp		(6,500)	(6,500)	(6,500)	
Total Other Financing Sources (Uses)	-	(25,280)	(25,280)	(24,907)	(373)
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	-	(158,252)	(158,252)	61,366	219,618
Fund Balances, July 1	433,166		433,166	433,166	
Fund Balances, June 30	$ 433,166	$ (158,252)	$ 274,914	$ 494,532	$ 219,618
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		$ (158,252)	$ (158,252)	$ (158,252)	
Budgeted Fund Balance				219,618	$ 219,618
TOTAL	$ -	$ (158,252)	$ (158,252)	$ 61,366	$ 219,618

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:		
Capital Reserve	$ 45,000	
Excess Surplus:		
Current Year-Designated for 2013-2014 Budget	3,473	$ 48,473
Committed Fund Balance:		
Year-End Encumbrances		141,415
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures		20,611
Unassigned Fund Balance		284,033
		494,532
Reconciliation to Governmental Statements (GAAP):		
Last State Aid Payments not Recognized on GAAP Basis		(24,574)
Fund Balance Per Governmental Funds (GAAP)		$ 469,958

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, 2012

(NOT APPLICABLE TO THIS REPORT)

MILFORD BOROUGH SCHOOL DISTRICT
EDUCATION JOBS FUND-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

REVENUES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Federal Sources:					
Education Jobs Fund	$ 10,216	$ 320	$ 10,536	$ 10,536	
TOTAL REVENUES	$ 10,216	$ 320	$ 10,536	$ 10,536	$ -
EXPENDITURES					
Fund 18 Education Jobs Fund:					
Instruction-Regular Programs:					
Salaries of Teachers:					
Grades 1-5	$ 10,216	$ 320	$ 10,536	$ 10,536	
Total	10,216	320	10,536	10,536	$ -
TOTAL EXPENDITURES	$ 10,216	$ 320	$ 10,536	$ 10,536	$ -
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	$ -	$ -	$ -	$ -	$ -

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources	$ 59,565		$ 59,565	$ 47,093	$ (12,472)
TOTAL REVENUES	$ 59,565	$ -	$ 59,565	$ 47,093	$ (12,472)
EXPENDITURES					
Instruction:					
Salaries	$ 1,635		$ 1,635	$ 1,635	
Purchased Professional & Technical Services	8,000		8,000	6,428	$ 1,572
Supplies & Materials	17,031		17,031	6,131	10,900
Other Purchased Services	60		60	60	
Totals	26,726	$ -	26,726	14,254	12,472
Support Services:					
Employee Benefits	125		125	125	
Tuition	29,615		29,615	29,615	
Other Purchased Services	3,099		3,099	3,099	
Total	32,839	-	32,839	32,839	-
TOTAL EXPENDITURES	$ 59,565	$ -	$ 59,565	$ 47,093	$ 12,472

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
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	$ 2,171,891	$ 47,093
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		5,165
Outstanding Encumbrances Current Year		(3,010)
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	20,384	
State Aid Receivable Current Year	(24,574)	
Total Revenues (GAAP Basis)	$ 2,167,701	$ 49,248
Uses/Outflows of Resources		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$ 2,085,618	$ 47,093
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		5,165
Outstanding Encumbrances Current Year		(3,010)
Total Expenditures (GAAP Basis)	$ 2,085,618	$ 49,248

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, 2012

	NCLB Title IA	NCLB Title IIA	IDEA Pre School	IDEA Basic	REAP	Total 2012
REVENUES						
Federal Sources	$ 6,252	$ 3,099	$ 1,468	$ 29,615	$ 6,659	$ 47,093
TOTAL REVENUES	$ 6,252	$ 3,099	$ 1,468	$ 29,615	$ 6,659	$ 47,093
EXPENDITURES						
Instruction:						
Salaries	$ 1,635					$ 1,635
Purchased Professional & Technical Services					$ 6,428	6,428
Other Purchased Services	60					60
Supplies & Materials	4,432		$ 1,468		231	6,131
Totals	6,127	$ -	1,468	$ -	6,659	14,254
Support Services:						
Employee Benefits	125					125
Tuition				29,615		29,615
Other Purchased Services		3,099				3,099
Totals	125	3,099	-	29,615	-	32,839
TOTAL EXPENDITURES	$ 6,252	$ 3,099	$ 1,468	$ 29,615	$ 6,659	$ 47,093

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, 2012

Revenues and Other Financing Sources:	
State Sources	
Grant Funds	$ 228,240
Local Sources:	
Interest Earnings	2
Total Revenues	228,242
Expenditures and Other Financing Uses:	
Project Expenditures	9,700
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	218,542
Fund Balance-Beginning	(189,437)
Fund Balance-Ending	$ 29,105
Analysis of Balance:	
Project Balance	$ 28,222
Interest Income	883
	$ 29,105

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, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-NJSDA Grant	$ 129,600	$ 190,400	$ 320,000	$ 320,000
Local Sources:				
Bond Proceeds	480,000		480,000	480,000
Total Revenues	609,600	190,400	800,000	800,000
Expenditures and Other Financing Uses:				
Architect	73,847	3,465	77,312	
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	165,635		165,635	
Windows	17,200	(17,200)		
Masonry	26,000		26,000	
Flooring	3,755		3,755	
Other Construction:				
Electrical Other	17,248		17,248	
Window and Door Replacement	82,000		82,000	
Asbestos	7,145		7,145	
Total Expenditures	799,918	(13,735)	786,183	800,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (190,318)	$ 204,135	$ 13,817	$ -

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	98.27%

MILFORD BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS-BUDGETARY BASIS-GYMNASIUM FLOORING REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-NJSDA Grant		$ 30,000	$ 30,000	$ 30,000
Local Sources:				
Capital Reserve Funds				45,000
Total Revenues	$ -	30,000	30,000	75,000
Expenditures and Other Financing Uses:				
Architect		3,039	3,039	
Advertising		479	479	
Legal Fees		1,925	1,925	
Total Expenditures	-	5,443	5,443	75,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ 24,557	$ 24,557	$ -

Additional Project Information:	
Project Number	3180-050-10-1001
Grant Date	08/30/10
Grant Award	$ 30,000
Local Share	$ 45,000
Original Authorized Cost	$ 75,000
Additional Authorized Cost	$ -
Revised Authorized Cost	$ 75,000
Percentage Complete	7.26%

MILFORD BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-BUDGETARY BASIS-REPLACEMENT OF EXTERIOR WINDOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-NJSDA Grant		$ 7,840	$ 7,840	$ 7,840
Local Sources:				
Capital Reserve Funds				11,760
Total Revenues	$ -	7,840	7,840	19,600
Expenditures and Other Financing Uses:				
Architect		792	792	
Project Expenditures:				
Windows		17,200	17,200	
Total Expenditures	-	17,992	17,992	19,600
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ (10,152)	$ (10,152)	$ -

Additional Project Information:	
Project Number	3180-050-09-1001
Grant Date	02/26/09
Grant Award	$ 7,840
Local Share	$ 11,760
Original Authorized Cost	$ 19,600
Additional Authorized Cost	$ -
Revised Authorized Cost	$ 19,600
Percentage Complete	91.80%

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, 2012

ASSETS		
Current Assets:		
Cash & Cash Equivalents	$	8,723
Receivables from Other Governments:		
State		16
Federal		230
Due from Other Funds		2,118
Inventory		325
Total Current Assets		11,412
Noncurrent Assets:		
Capital Assets		22,915
Less: Accumulated Depreciation		16,719
Total Noncurrent Assets		6,196
Total Assets		17,608
LIABILITIES		
Current Liabilities:		
Deferred Revenues		325
Total Liabilities		325
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		6,196
Unrestricted		11,087
TOTAL NET ASSETS	$	17,283

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, 2012

Operating Revenues:		
Charges for Services:		
Daily Sales-Reimbursable Programs	$	18,188
Daily Sales-Nonreimburseable Programs		4,936
Total Operating Revenues		23,124
Other Expenses:		
Costs of Sales		26,676
Salaries		7,775
Employee Benefits		540
Insurance		742
Management Fees		2,000
Supplies		3,128
Other Purchased Services		1,152
Depreciation		654
Total Operating Expenses		42,667
Operating Income (Loss)		(19,543)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program		381
Other		19
Federal Sources:		
National School Lunch Program		6,328
Food Distribution Program		994
Interest Income		3
Total Nonoperating Revenues (Expenses)		7,725
Other Financing Sources:		
Operating Transfer In		18,407
Total Other Financing Sources		18,407
Change in Net Assets		6,589
Net Assets, Beginning		10,694
Net Assets, Ending	$	17,283

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:		
Operating Income (Loss)	$	(19,543)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:		
Depreciation		654
Federal Food Distribution Program		994
(Increase) Decrease in Interfund Receivable		1,968
Net Cash Provided by (Used For) Operating Activities		(15,927)
Cash Flows from Noncapital Financing Activities:		
Cash Received from State & Federal Reimbursements		6,482
Operating Transfer In		18,407
Net Cash Provided by (Used For) Noncapital Financing Activities		24,889
Cash Flows from Capital Financing Activities:		
Acquisition of Equipment		(2,482)
Net Cash Provided by (Used For) Capital Financing Activities		(2,482)
Cash Flows from Investing Activities:		
Interest Income		3
Net Cash Provided by (Used For) Investing Activities		3
Net Increase (Decrease) in Cash and Cash Equivalents		6,483
Cash and Cash Equivalents, July 1, 2011		2,240
Cash and Cash Equivalents, June 30, 2012	$	8,723

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, 2012

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	$ 23,478	$ 13,374	$ 6,932	$ 43,784
Due from Other Funds		360		360
Total Assets	23,478	13,734	6,932	44,144
LIABILITIES				
Accounts Payable	113			113
Due to Other Funds			1,000	1,000
Due to Student Groups		13,734		13,734
Payroll Deductions & Withholdings			5,932	5,932
Total Liabilities	113	13,734	6,932	20,779
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	23,365	-	-	23,365
TOTAL NET ASSETS	$ 23,365	$ -	$ -	$ 23,365

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	$ 2,795
Investment Earnings-Interest	19
Total Additions	2,814
DEDUCTIONS	
Unemployment Claims	7,628
	(4,814)
Other Financing Sources:	
Transfers in from General Fund	6,500
Change in Net Assets	1,686
Net Assets, Beginning of the Year	21,679
Net Assets, End of the Year	$ 23,365

MILFORD BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance 07/01/11	Additions	Deletions	Balance 06/30/12
ASSETS				
Cash and Cash Equivalents	$ 13,904	$ 19,013	$ 19,543	$ 13,374
Due from Other Funds		360		360
TOTAL ASSETS	$ -	$ 19,373	$ 19,543	$ 13,734
LIABILITIES				
Due to Students Groups	$ 13,659	$ 19,070	$ 19,358	$ 13,371
Student Council	245	303	185	363
TOTAL LIABILITIES	$ 13,904	$ 19,373	$ 19,543	$ 13,734

MILFORD BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance 07/01/11	Additions	Deletions	Balance 06/30/12
ASSETS				
Cash and Cash Equivalents	$ 3,347	$ 1,169,940	$ 1,166,355	$ 6,932
TOTAL ASSETS	$ 3,347	$ 1,169,940	$ 1,166,355	$ 6,932
LIABILITIES				
Due to Other Funds		$ 1,000		$ 1,000
Payroll Deductions & Withholding	$ (138)	482,026	$ 479,442	2,446
Summer Pay	5	27,433	27,437	1
Net Payroll	3,480	659,481	659,476	3,485
TOTAL LIABILITIES	$ 3,347	$ 1,169,940	$ 1,166,355	$ 6,932

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, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance 07/01/11	Issued	Retired	Balance 06/30/12
Series 1993	8/18/1993	$ 25,000	7/15/2012	$ 211	1.500%				
			7/15/2013	211		$ 632		$ 210	$ 422
Series 2009	7/15/2009	480,000	7/15/2012	25,000	4.000%				
			7/15/2013	30,000					
			7/15/2014	30,000					
			7/15/2015	30,000	5.125%				
			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		455,000		25,000	430,000
						$ 455,632	$ -	$ 25,210	$ 430,422

MILFORD BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2012

Issue	Interest Rate	Amount of Original Issue	Balance 07/01/11	Issued Current Year	Retired Current Year	Balance 06/30/12
Acquisition of a School Bus	4.35%	$ 50,000	$ 40,833		$ 9,566	$ 31,267
			$ 40,833	$ -	$ 9,566	$ 31,267

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	$ 46,759		$ 46,759	$ 46,759	
State Sources:					
Debt Service Aid	41		41	41	
Total Revenues	46,800	$ -	46,800	46,800	$ -
EXPENDITURES					
Regular Debt Service:					
Interest	21,590		21,590	21,590	
Redemption of Principal	25,210		25,210	25,210	
Total Expenditures	46,800	-	46,800	46,800	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	$ -	$ -	$ -	$ -	$ -

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 NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 367,969
Restricted	174,154	276,691	223,167	90,624	112,917	94,297	16,100	13,815	215,520
Unrestricted	158,032	91,928	79,054	123,583	193,559	213,698	227,570	202,965	272,105
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	$ 352,871	$ 394,383	$ 324,723	$ 290,443	$ 373,170	$ 383,928	$ 482,147	$ 569,415	$ 855,594
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	$ 6,196
Unrestricted	916	4,860	15,392	20,725	22,966	15,693	10,686	6,326	11,087
TOTAL BUSINESS-TYPE ACTIVITIES	$ 6,101	$ 9,225	$ 18,937	$ 23,450	$ 24,871	$ 16,867	$ 11,129	$ 10,694	$ 17,283
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	$ 374,165
Restricted	174,154	276,691	223,167	90,624	112,917	94,297	16,100	13,815	215,520
Unrestricted	158,948	96,788	94,446	144,308	216,525	229,391	238,256	209,291	283,192
TOTAL DISTRICT-WIDE	$ 358,972	$ 403,608	$ 343,660	$ 313,893	$ 398,041	$ 400,795	$ 493,276	$ 580,109	$ 872,877

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES									
Governmental Activities:									
Instruction:									
Regular	$ 713,830	$ 759,800	$ 824,978	$ 858,869	$ 750,242	$ 834,153	$ 805,715	$ 802,131	$ 848,431
Special Education	263,115	317,001	344,401	270,582	227,044	243,347	280,703	258,421	288,379
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	21,188
Support Services:									
Tuition	58,215	52,057	86,492	91,106	99,126	161,528	194,963	170,910	83,704
Student & Instruction Related Services	214,479	208,845	293,289	304,353	321,952	372,571	382,275	384,545	390,366
General & Business Administrative Services	156,457	160,462	232,514	81,646	115,503	157,071	124,219	141,342	147,482
School Administration	122,673	124,131	67,013	111,580	98,344	40,990	43,214	43,577	48,247
Plant Operations & Maintenance	125,929	149,884	59,198	186,805	187,794	225,067	149,970	162,360	219,709
Pupil Transportation	62,218	50,114	55,214	49,061	66,109	111,737	167,303	140,387	114,722
Other Support Services		641							
Interest on Long-Term Debt	33	30	27	24	20	17	37,493	15,826	25,177
Unallocated Depreciation & Amortization	588	588	588	246,824	211,398				
Total Governmental Activities Expenses	1,741,129	1,872,305	1,988,850	2,220,371	2,105,039	2,178,747	2,202,676	2,137,706	2,187,405
Business-Type Activities:									
Food Services	38,275	40,823	43,795	37,390	39,420	42,999	35,437	34,277	42,667
Total Business-Type Activities	38,275	40,823	43,795	37,390	39,420	42,999	35,437	34,277	42,667
TOTAL DISTRICT EXPENSES	$ 1,779,404	$ 1,913,128	$ 2,032,645	$ 2,257,761	$ 2,144,459	$ 2,221,746	$ 2,238,113	$ 2,171,983	$ 2,230,072

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
PROGRAM REVENUES									
Governmental Activities:									
Charges for Services				$ 12,455	$ 16,604	$ 59,931	$ 35,265	$ 60,596	$ 49,808
Operating Grants & Contributions	$ 169,250	$ 169,756	$ 169,719	85,387	60,843	54,856	57,692	73,753	49,248
Total Governmental Activities Program Revenues	169,250	169,756	169,719	97,842	77,447	114,787	92,957	134,349	99,056
Business-Type Activities:									
Charges for Services:									
Food Service	20,738	21,392	25,007	23,373	25,112	24,385	19,703	21,284	23,124
Operating Grants & Contributions	4,817	5,035	5,376	4,957	3,878	6,706	6,980	7,975	7,722
Total Business-Type Activities Program Revenues	25,555	26,427	30,383	28,330	28,990	31,091	26,683	29,259	30,846
TOTAL DISTRICT-PROGRAM REVENUES	$ 194,805	$ 196,183	$ 200,102	$ 126,172	$ 106,437	$ 145,878	$ 119,640	$ 163,608	$ 129,902
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)	$ (2,088,349)
Business-Type Activities	(12,720)	(14,396)	(13,412)	(9,060)	(10,430)	(11,908)	(8,754)	(5,018)	(11,821)
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)	$ (2,100,170)
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	$ 1,690,000
Taxes Levied for Debt Service	196	188	186	182	180	178	10,976	47,761	46,759
Unrestricted Grants & Contributions	361,283	312,867	379,818	538,857	511,988	425,095	434,125	342,642	415,287
Capital Grants-Unallocated						33,600	96,000		228,240
Investment Earnings	1,251	960	910			5,120	2,486	462	237
Miscellaneous Income	9,184	989	637	11,882	46,668	20,083	16,500	10,455	12,412
Operating Transfer	(13,447)	(17,512)	(23,119)	(13,558)	(10,295)	(3,891)	(3,000)	(4,580)	(18,407)
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	2,374,528

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)									
Business-Type Activities:									
Investment Earnings	$ 7	$ 8	$ 5	$ 14	$ 26	$ 13	$ 16	$ 3	$ 3
Transfers	13,447	17,512	23,119	13,558	10,295	3,891	3,000	4,580	18,407
Total Business-Type Activities	13,454	17,520	23,124	13,572	10,321	3,904	3,016	4,583	18,410
TOTAL DISTRICT-WIDE	$ 1,672,045	$ 1,708,565	$ 1,775,072	$ 2,039,545	$ 2,120,642	$ 2,078,623	$ 2,210,954	$ 2,095,208	$ 2,392,938
CHANGE IN NET ASSETS									
Governmental Activities	$ 86,712	$ (11,504)	$ (67,183)	$ (96,556)	$ 82,729	$ 10,759	$ 98,219	$ 87,268	$ 286,179
Business-Type Activities	734	3,124	9,712	4,512	(109)	(8,004)	(5,738)	(435)	6,589
TOTAL DISTRICT	$ 87,446	$ (8,380)	$ (57,471)	$ (92,044)	$ 82,620	$ 2,755	$ 92,481	$ 86,833	$ 292,768

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:									
Reserved	$ 279,792	$ 276,692	$ 223,168	$ 90,626	$ 112,921	$ 81,017	$ 105,397	$ 203,252	$ 189,888
Unreserved	100,287	125,457	114,064	156,607	221,660	241,760	249,856	209,530	280,070
Total General Fund	$ 380,079	$ 402,149	$ 337,232	$ 247,233	$ 334,581	$ 322,777	$ 355,253	$ 412,782	$ 469,958
All Other Governmental Funds:									
Unreserved, Reported In:									
Special Revenue Fund	$ (76)	$ (76)	$ (76)	$ (76)	$ (76)				
Capital Projects Fund						$ 13,291	$ (89,297)	$ (189,437)	$ 29,105
Debt Service Fund	(3)	(2)	(1)	(1)	(3)	(3)			
Total All Other Governmental Funds	$ (79)	$ (78)	$ (77)	$ (77)	$ (79)	$ 13,288	$ (89,297)	$ (189,437)	$ 29,105

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 1,736,759
Tuition Charges		1,251	960	910			49,350	35,265	56,253	46,864
Interest Earnings		9,184	989	637			5,120	2,486	462	237
Transportation Fees					12,455	16,604				
Miscellaneous							31,485	16,500	14,798	15,356
Miscellaneous-Prior Years		473,426	448,872	486,730	11,830	48,297				
State Sources		57,107	33,751	62,507	544,058	512,304	426,451	407,259	342,642	404,751
State Sources-Capital Grants							33,600	96,000		228,240
Federal Sources				300	80,237	58,897	52,679	84,558	73,753	59,784
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	2,491,991
Expenditures:										
Instruction:										
Regular Instruction		535,487	575,373	633,013	732,088	656,237	666,987	647,950	614,998	654,650
Special Education Instruction		207,722	222,614	258,569	219,363	191,096	193,299	212,904	190,987	199,600
Other Special Instruction					271	9,244	12,687	1,449		6,252
Other Instruction		18,685	30,378	22,022	15,510	12,985	15,834	14,105	16,372	20,828
Support Services:										
Tuition		58,215	52,057	86,492	91,106	99,126	161,528	194,963	170,910	83,704
Student & Instruction Related Services		165,932	172,641	243,748	277,366	304,215	333,702	340,134	341,826	337,103
General Administration		95,034	105,054	58,597	22,861	54,558	91,088	67,479	82,354	80,970
School Administration Services		77,013	78,500	52,401	95,157	83,537	33,305	34,254	34,583	38,522
Central Services / Business Services			50,599	51,799	56,887	59,500	63,731	53,975	55,434	59,642
Plant Operations & Maintenance		110,411	140,393	169,504	175,816	169,825	200,105	125,179	128,092	182,940
Pupil Transportation		54,040	43,421	53,142	46,183	63,586	102,408	156,097	138,920	108,183
Employee Benefits		49,440	641		480,970	396,281	184,808	197,705	223,128	233,843
On-Behalf TPAF Pension & Soc Sec Contributions							107,917	103,754	100,630	127,812
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	9,700
Debt Service:										
Principal		210	210	210	210	210	211	210	25,210	25,210
Interest & Other Charges		33	30	27	24	21	17	12,388	23,998	22,407
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	2,191,366
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	151,234	39,584	(41,798)	(76,440)	97,641	5,453	(588,109)	(18,031)	300,625
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)	(24,907)
Total Other Financing Sources (Uses)	-	(13,447)	(17,512)	(23,119)	(13,558)	(10,295)	(3,891)	518,000	(24,580)	(24,907)
Net Change in Fund Balances	$ -	$ 137,787	$ 22,072	$ (64,917)	$ (89,998)	$ 87,346	$ 1,562	$ (70,109)	$ (42,611)	$ 275,718
Debt Service as a Percentage of Non-capital Expenditures	N/A	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.59%	2.35%	2.23%

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)

	Fiscal Year Ending June 30,									
Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Interest Income	$ 2,634				$ 7,939	$ 7,346	$ 5,112	$ 1,616	$ 459	$ 235
Tuition	13,423						49,350	35,265	56,253	46,864
Milford-Custodial Services							4,020	4,089	4,308	2,944
Refunds	2,245	$ 5,602				256	2,450		3,493	
Before & After Care							6,561	8,330	6,279	7,194
Contributions							285	4,138	478	1,219
Miscellaneous Other	1,008	3,582	$ 989	$ 637	3,891	40,695	93	149	240	742
Transportation Services							891			
Insurance Settlement							18,400			3,257
Prior Year Adjustment							(2,036)	(206)		
Annual Totals	$ 19,310	$ 9,184	$ 989	$ 637	$ 11,830	$ 48,297	$ 85,126	$ 53,381	$ 71,510	$ 62,455

Source: District Records

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vacant Land	$ 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	$ 2,634,300
Residential	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	95,332,200
Farm Regular	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	1,408,800
Farm Qualified	29,300	31,000	31,800	31,800	31,800	40,000	15,900	21,100	21,100	21,100
Commercial	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	12,759,270
Industrial	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	1,992,000
Apartment	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	3,238,200
Total Assessed Value	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	117,385,870
Public Utilities (a)	328,041	308,447	292,036	252,285	231,535	236,757	265,500	260,294	229,368	241,622
Net Valuation Taxable	$ 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	$ 117,627,492
Estimated Actual County Equalized) Value	$ 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	$ 128,892,715
Percentage of Net Valuations to Estimated Actual County Equalized Value	99.43%	90.95%	87.61%	83.89%	74.69%	81.26%	80.96%	76.89%	80.48%	91.26%
Total Direct School Tax Rate (b)	$ 1.15	$ 1.18	$ 1.18	$ 1.23	$ 1.27	$ 1.30	$ 1.41	$ 1.48	$ 1.48	$ 1.50
	*	*								

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)

	School District Direct Rate				Overlapping Rates			
Assessment Year	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Regional School Debt	Municipality	County	Fire District	Total Direct & Overlapping Tax Rate
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
2012	1.47	0.04	1.51	0.51	0.69	0.37		3.08

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

	2012			2003		
	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	2.75%	$ 2,442,000	2	2.16%
International Paper Company	1,336,600	2	1.14%			
Hunterdon Medical Center	1,131,000	3	0.96%	929,600	3	0.82%
60 Bridge Street LLC #1	805,500	4	0.68%			
60 Bridge Street LLC #2	702,100	5	0.60%			
Peter Trustee Kerl	573,700	6	0.49%			
Individual Property Owner #1	539,100	7	0.46%	401,200	6	0.36%
Stem Brothers	523,700	8	0.45%	444,400	5	0.39%
Individual Property Owner #2	463,600	9	0.39%	400,600	7	0.36%
Little Kids NJ Partnership	462,500	10	0.39%			
Royal Blue Papers Incorporated				12,598,500	1	11.17%
Adams Bakery Corp				470,400	4	0.42%
Hunterdon United Bank				353,300	8	0.31%
Milford Market Inc				345,700	9	0.31%
Individual Property Owner #3				334,300	10	0.30%
	$ 9,776,000		8.31%	$ 18,720,000		16.60%

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
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%
2011	3,815,422	3,689,189	96.69%

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

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

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

	Governmental Activities				Business-Type Activities			
Fiscal Year Ending June 30,	General Obligation Bonds (b)	NJEDA Loan	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	% of Personal Income (a)	Per Capita (a)
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	0.64%	430
2011	455,000	632	40,833			496,465	N/A	403
2012	430,000	422	31,267			461,689	N/A	375

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		
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
2012	430,422		430,422	0.3659%	350

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, 2011

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	$ 1,663,323	100.00	$ 1,663,323
Regional High School	4,039,000	5.45	220,280
County General Obligation Debt	83,215,385	0.59	493,398
Subtotal, Overlapping Debt			2,377,001
School District Direct Debt			620,822
Total Direct and Overlapping Debt			$ 2,997,823

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
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis			
	2011	$ 128,284,539	
	2010	145,824,267	
	2009	152,676,512	
		$ 426,785,318	
Average Equalized Valuation of Taxable Property		$ 142,261,773	
Debt Limit (3.0% of Average Equalization Value)		$ 4,267,853	(a)
Total Net Debt Applicable to Limit		620,822	
Legal Debt Margin		$ 3,647,031	

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit		$ 2,905,780	$ 3,191,140	$ 3,527,897	$ 3,969,674	$ 4,445,654	$ 4,746,923	$ 4,757,207	$ 4,571,348	$ 4,267,853
Total Net Debt Applicable		2,103	1,893	1,683	1,472	1,262	767,452	671,242	646,032	620,822
Legal Debt Margin	N/A	$ 2,903,677	$ 3,189,247	$ 3,526,214	$ 3,968,202	$ 4,444,392	$ 3,979,471	$ 4,085,965	$ 3,925,316	$ 3,647,031
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		0.07%	0.06%	0.05%	0.04%	0.03%	16.17%	14.11%	14.13%	14.55%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

Note: Information prior to 2004 is not available

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)
2003	1,192	$ 70,132,512	$ 58,836	4.0%
2004	1,193	71,769,687	60,159	3.8%
2005	1,199	71,796,120	59,880	3.8%
2006	1,205	77,946,630	64,686	6.2%
2007	1,200	82,065,600	68,388	5.4%
2008	1,194	83,301,798	69,767	7.1%
2009	1,192	78,391,880	65,765	12.2%
2010	1,234	82,743,402	67,053	12.7%
2011	1,231	N/A	N/A	12.5%
2012	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 2010 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

	2012			2003		
Employer	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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction		17.6	18.6	17.7	17.7	14.2	14.6	15.6	14.6	14.8
Support Services:										
Related Services		3.2	3.1	3.1	3.1	3.2	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	0.4
School Administration		0.8	0.6	1.0	0.6	0.7	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	0.6
Building Maintenance		0.8	0.8	0.8	0.8	1.8	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	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	21.8

Note: Information prior to 2004 is not available

MILFORD BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST NINE 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%
2012	122	2,134,049	17,492	-3.30%	23.2	1 to 5.26	122.0	117.2	4.18%	96.07%

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	116.0	122.0	120.0	118.0	116.0	102.0	114.0	116.0	122.0

Number of Schools at June 30, 2012:

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 NINE FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities	Amount	Total
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	25,392	25,392
2012	49,842	49,842
Total School Facilities	$ 277,502	$ 277,502

* 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, 2012
(UNAUDITED)

	Coverage
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
Student Accident-School Alliance Insurance Fund	1,000,000
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

William M. Colantano, Jr.
A Professional Corporation

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 15, 2012

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, 2012, and have issued our report thereon dated November 15, 2012. 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 Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education is responsible for establishing and maintaining effective 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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 or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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

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Public School Accountant
No. CS 0128

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

November 15, 2012

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 the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. 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 Office of School 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

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 program in order to determine our audit procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Education, others within the entity, the New Jersey Department of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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, 2012

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2011 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2012 Accounts Receivable	Balance June 30, 2012 Deferred Revenue	Balance June 30, 2012 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	$ 10,536	8/10/2010-9/30/2012			$ 10,536		$ (10,536)		
Total General Revenue Fund					$ -	$ -	10,536	$ -	(10,536)	$ -	$ -
Special Revenue Fund:											
NCLB Title IIA	84.367A	NCLB 318012	3,099	9/01/2011-8/31/2012		1,692	3,099		(1,407)		
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	(596)	596					
NCLB Title IA	84.010A	NCLB 318012	6,252	9/01/2011-8/31/2012			6,252		(6,252)		
Small, Rural School Achievement Program	84.358A	S358A O93056	21,463	7/01/2009-9/30/2010	(4,811)	4,811					
Small, Rural School Achievement Program	84.358A	S358A 103056	20,909	7/01/2010-9/30/2011	(20,909)	18,560			(2,349)		
Small, Rural School Achievement Program	84.358A	S358A 113056	19,131	7/01/2011-9/30/2012			6,659		(19,131)	12,472	
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 318012	29,615	9/01/2011-8/31/2012		20,868	29,615		(8,747)		
DEA Basic	84.027	IDEA 318011	28,041	9/01/2010-8/31/2011	(28,041)	28,041					
IDEA Pre School	84.173	IDEA 318012	1,468	9/01/2011-8/31/2012		1,468	1,468				
IDEA Pre School	84.173	IDEA 318011	1,452	9/01/2010-8/31/2011	(1,452)	1,452					
Total Special Revenue Fund					(83,469)	105,148	47,093	-	(37,886)	12,472	-
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	120		120				
Food Distribution Program	10.550-	N/A	1,199	7/01/2011-6/30/2012		1,199	874			325	
National School Lunch Program	10.555-	N/A	6,328	7/01/2011-6/30/2012		6,098	6,328		(230)		
Total Enterprise Fund					120	7,297	7,322	-	(230)	325	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					$ (83,349)	$ 112,445	$ 64,951	$ -	$ (48,652)	$ 12,797	$ -

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, 2012

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2011 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2012 Accounts Receivable	Deferred Revenue	Due to Grantor	Memo Budgetary Receivable	Cumulative Expenditures
State Department of Education												
General Fund:												
Equalization Aid	11-495-034 -5120-078	$ 151,959	7/01/2010- 6/30/2011	$ (15,085)	$ 15,085							
Equalization Aid	12-495-034 -5120-078	193,181	7/01/2011- 6/30/2012		173,927	$ 193,181		$ (19,254)			$ (19,254)	$ 193,181
Special Education Aid	11-495-034 -5120-089	53,376	7/01/2010- 6/30/2011	(5,299)	5,299							
Special Education Aid	12-495-034 -5120-089	53,376	7/01/2011- 6/30/2012		48,056	53,376		(5,320)			(5,320)	53,376
Anti Bullying Bill of Rights Act Aid	N/A	499	7/01/2011- 6/30/2012		499	499						499
Extraordinary Special Education Costs Aid	12-100-034 -5120-473	33,322	7/01/2011- 6/30/2012			33,322		(33,322)			(33,322)	33,322
Extraordinary Special Education Costs Aid	11-100-034 -5120-473	25,840	7/01/2010- 6/30/2011	(25,840)	25,840							
N/P Transportation Aid	12-495-034 -5120-014	710	7/01/2011- 6/30/2012			710		(710)			(710)	710
N/P Transportation Aid	11-495-034 -5120-014	348	7/01/2010- 6/30/2011	(348)	348							
Reimbursement TPAF Social Security Contribution	11-495-034 -5095-002	53,882	7/01/2010- 6/30/2011	(2,718)	2,718							
Reimbursement TPAF Social Security Contribution	12-495-034 -5095-002	57,483	7/01/2011- 6/30/2012		54,668	57,483		(2,815)			(2,815)	57,483
On-Behalf TPAF Pension Contribution- Teachers' Pension and Annuity Fund	12-495-034 -5095-006	21,099	7/01/2011- 6/30/2012		21,099	21,099						21,099
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	12-495-034 -5095-007	2,264	7/01/2011- 6/30/2012		2,264	2,264						2,264
On-Behalf TPAF Pension Contribution- Post Retirement Medical	12-495-034 -5095-001	46,966	7/01/2011- 6/30/2012		46,966	46,966						46,966
Total General Fund				(49,290)	396,769	408,900	$ -	(61,421)	$ -	$ -	(61,421)	408,900
Debt Service Fund:												
Debt Service Aid-State Support	12-495-034 -5120-017	41	7/01/2011- 6/30/2012		41	41						41
Total Debt Service Fund				-	41	41	-	-	-	-	-	41
Capital Projects Fund:												
N J Schools Development Authority												
Health & Safety Improvements	SDA3180-050- 07-OJAI	320,000	N/A	(190,400)				(190,400)			(190,400)	320,000
Gymnasium Flooring Replacement	SDA3180-050- 10-1001	30,000	N/A			2,177		(2,177)			(2,177)	2,177
Replacement of Exterior Windows	SDA3180-050- 09-1001	7,840	N/A		7,197	7,197						7,197
Total Capital Projects Fund				(190,400)	7,197	9,374	-	(192,577)	-	-	(192,577)	329,374
State Department of Agriculture Enterprise Fund:												
State School Lunch Program	12-100-010 -3350-023	400	7/01/2011- 6/30/2012		384	400		(16)			(16)	400
Total Enterprise Fund				-	384	400	-	(16)	-	-	(16)	400
TOTAL STATE FINANCIAL ASSISTANCE				$ (239,690)	$ 404,391	$ 418,715	$ -	$ (254,014)	$ -	$ -	$ (254,014)	$ 738,715

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012

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 ($4,190) for the general fund and $2,155 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:

	Federal	State	Total
General Fund	$ 10,536	$ 404,710	$ 415,246
Special Revenue Fund	49,248		49,248
Capital Projects Fund		9,374	9,374
Debt Service		41	41
Food Service Fund	7,322	400	7,722
	$ 67,106	$ 414,525	$ 481,631

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012
(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, 2012. 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, 2012.

MILFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	Unqualified	
Internal Control Over Financial Reporting:		
1. Material weakness(es) identified?	____ Yes	X No
2. Reportable conditions identified that are not considered to be material weaknesses?	____ Yes	X No
Noncompliance Material to General Purpose Financial Statements Noted?	____ Yes	X No
Federal Awards	NOT APPLICABLE	
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
Type of Auditor's Report Issued on Compliance for Major Programs?	____	
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133	____ Yes	____ No

Identification of Major Programs:

CFDA Numbers	Amount	Name of Federal Program

MILFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2012

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2012.

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, 2012.

MILFORD BOROUGH SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.