

**MILFORD BOROUGH**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**MILFORD BOROUGH BOARD OF EDUCATION  
MILFORD BOROUGH, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Prepared by**

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

**MILFORD BOROUGH SCHOOL DISTRICT  
TABLE OF CONTENTS**

|  | <u>PAGE</u> |
|--|-------------|
| <b>INTRODUCTORY SECTION</b>  |             |
| Letter of Transmittal  | 2           |
| Organizational Chart   | 3           |
| Roster of Officials  | 4           |
| Consultants and Advisors   | 5           |
| <b>FINANCIAL SECTION</b>   |             |
| Independent Auditor's Report   | 7-9         |
| <b>Required Supplementary Information – Part I</b>   |             |
| Management's Discussion and Analysis   | 11          |
| <b>Basic Financial Statements</b>  |             |
| A. District-Wide Financial Statements:   |             |
| A-1 Statement of Net Position  | 14          |
| A-2 Statement of Activities  | 15          |
| B. Fund Financial Statements   |             |
| Governmental Funds:  |             |
| B-1 Balance Sheet  | 17-18       |
| B-2 Statement of Revenues, Expenditures, and Changes in<br>Fund Balances   | 19-20       |
| B-3 Reconciliation of the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances of Governmental Funds to the<br>Statement of Activities | 21          |
| Proprietary Funds:   |             |
| B-4 Statement of Net Position  | 22          |
| B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position  | 23          |
| B-6 Statement of Cash Flows  | 24          |
| Fiduciary Funds:   |             |
| B-7 Statement of Fiduciary Net Position  | 25          |
| B-8 Statement of Changes in Fiduciary Net Position   | 26          |
| <b>Notes to the Financial Statements</b>   | 27-49       |
| <b>Required Supplementary Information – Part II</b>  |             |
| C. Budgetary Comparison Schedules:   |             |
| C-1 Budgetary Comparison Schedule-General Fund   | 51-56       |
| C-1A Combining Schedule of Revenues, Expenditures, and<br>Changes in Fund Balance-Budget and Actual  | 57          |
| C-2 Budgetary Comparison Schedule-Special Revenue Fund   | 58          |
| Notes to the Required Supplementary Information:   |             |
| C-3 Budget-to-GAAP Reconciliation  | 60          |

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

| <b>FINANCIAL SECTION (Continued)</b>   | <u><b>PAGE</b></u> |
|--|--------------------|
| <br><b>Other Supplemental Information</b>  |                    |
| D. School Level Schedule   | 62                 |
| E. Special Revenue Fund:   |                    |
| E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund-Budgetary Basis                          | 64                 |
| F. Capital Projects Fund:  |                    |
| F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis                      | 66                 |
| F-1A Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Health & Safety Improvements | 67                 |
| F-1B Schedule of Project Revenues, Expenditures, Project Balance & Project Status-Gymnasium Flooring Replacement | 68                 |
| F-1C Schedule of Project Revenues, Expenditures Project Balance & Project Status-Replacement of Exterior Windows | 69                 |
| G. Proprietary Funds   |                    |
| Enterprise Fund:   |                    |
| G-1 Statement of Fund Net Position   | 71                 |
| G-2 Statement of Revenues, Expenses and Changes in Fund Net Position   | 72                 |
| G-3 Statement of Cash Flows  | 73                 |
| H. Fiduciary Funds:  |                    |
| H-1 Combining Statement of Fiduciary Fund Net Position   | 75                 |
| H-2 Statement of Changes in Fiduciary Net Position   | 76                 |
| H-3 Student Activity Agency Fund Statement of Changes in Assets and Liabilities                                  | 77                 |
| H-4 Payroll Agency Fund Statement of Changes in Assets and Liabilities   | 78                 |
| I. Long-Term Debt:   |                    |
| I-1 Schedule of Serial Bonds and Loans Payable   | 80                 |
| I-2 Schedule of Obligations Under Capital Leases   | 81                 |
| I-3 Debt Service Fund Budgetary Comparison Schedule  | 82                 |
| <br><b>STATISTICAL SECTION (Unaudited)</b>   |                    |
| Table of Contents  | 84                 |
| J-1 Net Position by Component  | 85                 |
| J-2 Changes in Net Position  | 86-88              |
| J-3 Fund Balances, Governmental Funds  | 89                 |
| J-4 Changes in Fund Balances, Governmental Funds   | 90                 |
| J-5 General Fund-Other Local Revenues by Source  | 91                 |
| J-6 Assessed Value and Actual Value of Taxable Property  | 92                 |
| J-7 Direct and Overlapping Property Tax Rates  | 93                 |
| J-8 Principal Property Taxpayers   | 94                 |
| J-9 Property Tax Levies and Collections  | 95                 |

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

**PAGE**

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

Table of Contents (Cont'd)

|  |     |
|--|-----|
| J-10 Ratios of Outstanding Debt by Type                          | 96  |
| J-11 Ratios of General Bonded Debt Outstanding                   | 97  |
| J-12 Direct and Overlapping Governmental Activities Debt         | 98  |
| J-13 Legal Debt Margin Information                               | 99  |
| J-14 Demographic and Economic Statistics                         | 100 |
| J-15 Principal Employers   | 101 |
| J-16 Full Time Equivalent District Employees by Function/Program | 102 |
| J-17 Operating Statistics  | 103 |
| J-18 School Building Information                                 | 104 |
| J-19 Required Maintenance  | 105 |
| J-20 Insurance Schedule  | 106 |

**SINGLE AUDIT SECTION**

|   |         |
|---|---------|
| K-1 Independent Auditor's Report-Government Auditing Standards      | 108-109 |
| K-2 Independent Auditor's Report-OMB Circular A-133                 | 111-112 |
| K-3 Schedule of Expenditures of Federal Awards, Schedule A          | 113     |
| K-4 Schedule of Expenditures State Financial Assistance, Schedule B | 114     |
| K-5 Notes to the Schedules of Awards and Financial Assistance       | 115-116 |
| K-6 Schedule of Findings and Questioned Costs                       | 117-119 |
| K-7 Summary Schedule of Prior Audit Findings                        | 119     |

## 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*

*Todd Fay*  
*Principal*

*Judy Holladay*  
*Business Administrator/Board Secretary*

November 14, 2014

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, 2014, 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. 3. 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 2013-14 fiscal year with an enrollment of 106 students, which is above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

#### Average Daily Enrollment

| Fiscal<br>Year | Student<br>Enrollment | Percentage<br>Change |
|----------------|-----------------------|----------------------|
| 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                 | 10.36%               |
| 2011-2012      | 122.0                 | 4.18%                |
| 2012-2013      | 115.4                 | -5.40%               |
| 2013-2014      | 107.0                 | -7.28%               |

### 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

### 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 world language teacher, bus transportation, and our food service provider where our daily lunches are delivered to our building as a satellite. We eliminated the technology teacher, and classroom teachers have had to assume this additional responsibility. We also share the services of a Chief School Administrator, Business Administrator, Child Study Team, and curriculum coordinator. In addition, we use Hunterdon County Educational Services Commission as a shared service for technology.

Additional initiatives for Milford School include:

1. Shared professional development with a neighboring district in Writing Using the Common Standards. Teachers from neighboring districts partnered to write curriculum correlating the common standards to local instruction.
2. Participation in a partnership with Exxon Mobil where grants are written by the Milford teachers and Exxon provides funding for needed science equipment.
3. Use of iPads and Epson projectors in every classroom funded by grants.
4. Grant applied for and received by the science teacher from NEA Foundation

Due to our low enrollment in one grade it was necessary to place our third and fourth graders in a combined 3/4 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 are a school choice school and will receive revenue for students who attend from other districts. This program will continue in 2014-2015.

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

#### **4.) INTERNAL ACCOUNTING CONTROLS:**

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

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

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

#### **5) BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2014.

#### **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, 2014.

|                         | <u>Amount</u><br><u>2013-14</u> | <u>Percentage</u><br><u>of Total</u> | <u>Increase/</u><br><u>(Decrease)</u><br><u>from Prior Yr</u> | <u>Increase</u><br><u>(Decrease)</u> |
|-------------------------|---------------------------------|--------------------------------------|---|--------------------------------------|
| <u>Revenues</u>         |                                 |                                      |   |                                      |
| Local Sources           |                                 |                                      |   |                                      |
| Tax Levy                |                                 |                                      |   |                                      |
| General                 | 1,753,938                       | 77.62%                               | \$ 30,983   | 1.80%                                |
| Debt Service            | 49,653                          | 2.20%                                | 3,905   | 8.54%                                |
| Other Revenues          | 63,152                          | 2.79%                                | 2,351   | 3.87%                                |
| State Aid               | 323,532                         | 14.32%                               | 32,847  | 11.30%                               |
| Federal Aid             | <u>69,489</u>                   | <u>3.08%</u>                         | <u>7,034</u>  | <u>11.26%</u>                        |
| Total                   | <u>\$2,259,764</u>              | <u>100.00%</u>                       | <u>\$ 77,120</u>  | <u>3.53%</u>                         |
| <br><u>Expenditures</u> |                                 |                                      |   |                                      |
| Current Expense         | \$2,078,503                     | 91.09%                               | \$ (12,961)   | -0.62%                               |
| Capital Outlay          | 84,036                          | 3.68%                                | 82,915  | 7396.52%                             |
| Special Projects        | 69,489                          | 3.05%                                | 7,034   | -11.26%                              |
| Debt Service            |                                 |                                      |   |                                      |
| Principal               | 30,212                          | 1.32%                                | 5,002   | 19.84%                               |
| Interest                | <u>19,481</u>                   | <u>.85%</u>                          | <u>(1,105)</u>  | <u>-5.37%</u>                        |
| Total                   | <u>\$2,281,721</u>              | <u>100.00%</u>                       | <u>\$ 80,885</u>  | <u>3.68%</u>                         |

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, 2014 the District had outstanding debt issues of \$375,000 at an interest rate of 4.00 to 5.125%.

#### **9) CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit funds in public depositories protect from loss under the provisions of the

Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted to protect Governmental Units from a loss of Funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

#### **10) RISK MANAGEMENT:**

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

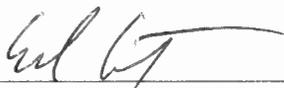
#### **11) OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William M. Colantano, Jr., CPA, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, 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.

#### **11) 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,




---

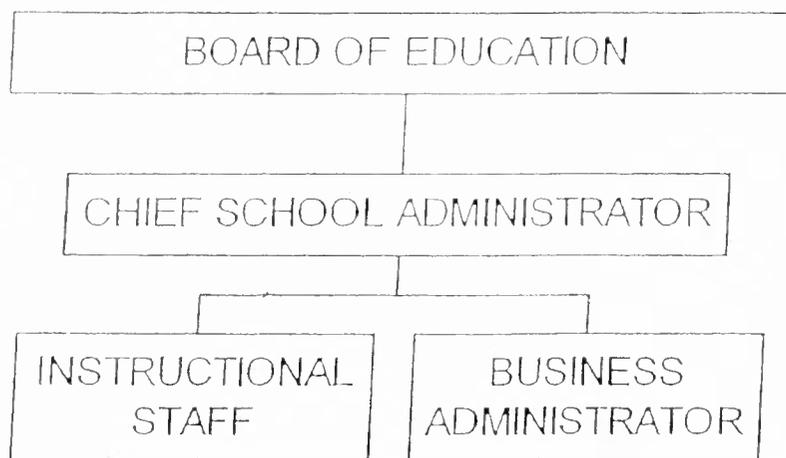
Edward Stoloski  
Chief School Administrator




---

Judy Holladay  
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, 2014

| <b><u>Members of the Board of Education</u></b> |  | <b><u>Term Expires</u></b> |
|---|--|----------------------------|
| Teresa Kane                                     | President                                  | 2014                       |
| Elizabeth Johnson                               | Vice President                             | 2016                       |
| Terri Heller                                    |  | 2014                       |
| Westley Hackman                                 |  | 2015                       |
| Carrie Donat                                    |  | 2016                       |
| <br>  |  |                            |
| <b><u>Other Officials</u></b>                   |  |                            |
| Edward Stoloski                                 | Superintendent                             |                            |
| Judy Holladay                                   | Business Administrator/<br>Board Secretary |                            |
| Todd Fay  | Principal                                  |                            |
| Raymond Krov                                    | Treasurer                                  |                            |
| Philip Stern                                    | Attorney                                   |                            |
| John Comegno                                    | Attorney                                   |                            |

**MILFORD BOROUGH SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS**

**Audit Firm**

William M. Colantano, Jr., CPA

**Architects**

SSP Architectural Group

**Attorney**

John Comegno  
Philip Stern

**Official Depository**

PNC Bank

**FINANCIAL SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

**INDEPENDENT AUDITOR'S REPORT**

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

November 14, 2014

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Milford Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

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

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



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, 2014  
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, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

- Key financial highlights for 2014 are as follows:
- In total, net position increased \$27,552, which represents a 3.28% increase from 2013.
- General revenues accounted for \$2,273,862 in revenue or 93.80 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$149,275 or 6.20 percent of total revenues of \$2,423,137.
- Total assets of governmental activities increased by \$8,739. As cash and cash equivalents increased by \$272,659, receivables and other assets decreased by \$270,151 and capital assets increased by \$6,231.
- The School District had \$2,395,585 in expenses; only \$149,275 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$2,273,862, were adequate to provide for these expenses.
- Among major funds, the General Fund had \$2,275,632 in revenues and \$2,245,171 in expenditures. The General Fund's balance decreased \$26,346 over 2013 after transfers out of \$56,807.

**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 Position 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

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

one column. In the case of Milford School District, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

**Statement of Net Position 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 2014?" The Statement of Net Position 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 position and changes in position. This change in net position 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 Position 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 begins 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

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### Governmental Funds

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

### The School District as a Whole

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

Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

**Table 1**  
**Net Position**

|                                  | 6/30/2014         | 6/30/2013         | Variance         |                |
|----------------------------------|-------------------|-------------------|------------------|----------------|
|                                  |                   |                   | Dollars          | Percent        |
| <b>ASSETS</b>                    |                   |                   |                  |                |
| Current & Other Assets           | \$ 467,849        | \$ 470,603        | \$ (2,754)       | (0.59)         |
| Capital Assets                   | 876,422           | 870,779           | 5,643            | 0.65           |
| Total Assets                     | <u>1,344,271</u>  | <u>1,341,382</u>  | <u>2,889</u>     | <u>0.22</u>    |
| <b>LIABILITIES</b>               |                   |                   |                  |                |
| Long Term Liabilities            | 455,198           | 457,664           | (12,466)         | (2.72)         |
| Other Liabilities                | <u>31,638</u>     | <u>43,835</u>     | <u>(12,197)</u>  | <u>(27.82)</u> |
| Total Liabilities                | <u>476,836</u>    | <u>501,499</u>    | <u>(24,663)</u>  | <u>(4.92)</u>  |
| <b>NET POSITION</b>              |                   |                   |                  |                |
| Net investment in Capital Assets | 490,553           | 444,282           | 46,271           | 10.41          |
| Restricted                       | 226,165           | 83,722            | 142,443          | 170.14         |
| Unrestricted                     | <u>150,717</u>    | <u>311,879</u>    | <u>(161,162)</u> | <u>(51.67)</u> |
| Total Net Position               | <u>\$ 867,435</u> | <u>\$ 839,883</u> | <u>\$ 27,552</u> | <u>3.28</u>    |

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

Total assets increased \$2,889. Cash and cash equivalents increased by \$274,545, receivables and other assets decreased by \$277,299 and capital assets increased by \$5,643. 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 decreased by \$161,162 due to transfers to restricted funds.

Table 2 shows changes in net position for fiscal year 2014.

**Table 2**  
**Changes on Net Position**

|                                     | 6/30/2014        | 6/30/2013          | Variance         |         |
|-------------------------------------|------------------|--------------------|------------------|---------|
|                                     |                  |                    | Dollars          | Percent |
| <b>REVENUES</b>                     |                  |                    |                  |         |
| Program Revenues:                   |                  |                    |                  |         |
| Charges for Services                | \$ 71,670        | \$ 71,386          | \$ 284           | 0.40    |
| Operating Grants                    | 84,925           | 77,126             | 7,799            | 10.11   |
| Capital Grants                      | (7,320)          | -                  | (7,320)          |         |
| General Revenues:                   |                  |                    |                  |         |
| Property Taxes                      | 1,803,591        | 1,768,703          | 34,888           | 1.97    |
| Unrestricted Grants                 | 458,581          | 448,413            | 10,168           | 2.27    |
| Other                               | 11,690           | 9,768              | 1,922            | 19.68   |
| Total Revenues                      | <u>2,423,137</u> | <u>2,375,396</u>   | <u>47,741</u>    | 2.01    |
| <b>PROGRAM EXPENSES</b>             |                  |                    |                  |         |
| Instruction:                        |                  |                    |                  |         |
| Regular                             | 960,311          | 930,268            | 30,043           | 3.23    |
| Special                             | 319,583          | 288,298            | 31,215           | 10.83   |
| Other                               | 33,059           | 23,862             | 9,197            | 38.54   |
| Support Services:                   |                  |                    |                  |         |
| Tuition                             | 113,397          | 143,461            | (30,064)         | (20.96) |
| Student & Instr Related Services    | 402,568          | 402,995            | (427)            | (0.11)  |
| General & Business Administration   | 128,779          | 155,154            | (26,375)         | (17.00) |
| School Administration               | 42,457           | 51,060             | (8,603)          | (16.85) |
| Maintenance                         | 227,639          | 209,420            | 18,219           | 8.70    |
| Transportation                      | 100,701          | 117,450            | (16,749)         | (14.26) |
| Food Service                        | 45,630           | 43,705             | 1,925            | 4.40    |
| Interest on Long Term Debt          | 21,531           | 22,006             | (425)            | (2.16)  |
| Total Expenses                      | <u>2,395,585</u> | <u>2,387,679</u>   | <u>7,906</u>     | 0.33    |
| Increase (Decrease) in Net Position | <u>\$ 27,552</u> | <u>\$ (12,283)</u> | <u>\$ 39,835</u> | 324.31  |

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

### Governmental Activities

Property taxes made up 77.07 percent of revenues for governmental activities for the Milford School District for fiscal year 2014.

Instruction comprises 54.80 percent of district expenses. Support service expenses and debt service make up 45.20 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<br>of Services |                    | Net Cost<br>of Services |                    |
|-----------------------------------|---------------------------|--------------------|-------------------------|--------------------|
|                                   | 6/30/2014                 | 6/30/2013          | 6/30/2014               | 6/30/2013          |
| Instruction                       | \$1,312,883               | \$1,242,428        | \$1,237,990             | \$1,163,939        |
| Support Services:                 |                           |                    |                         |                    |
| Tuition                           | 113,397                   | 143,461            | 85,251                  | 113,927            |
| Student & Instr Related Services  | 402,568                   | 402,995            | 389,759                 | 400,183            |
| General & Business Administration | 128,779                   | 155,154            | 128,779                 | 155,154            |
| School Administration             | 42,457                    | 51,060             | 42,457                  | 51,060             |
| Plant Operations & Maintenance    | 227,639                   | 209,420            | 224,271                 | 207,511            |
| Pupil Transportation              | 100,701                   | 117,450            | 99,201                  | 117,450            |
| Food Services                     | 45,630                    | 43,705             | 9,751                   | 7,937              |
| Interest on Long Term Debt        | 21,531                    | 22,006             | 21,531                  | 22,006             |
|                                   | <u>\$2,395,585</u>        | <u>\$2,387,679</u> | <u>\$2,238,990</u>      | <u>\$2,239,167</u> |

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.

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

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 93.83 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 \$2,387,494 and expenditures of \$2,375,138. The net change in fund balance for the year was most significant in the Capital Projects, an increase of \$36,278.

**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 2014, 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 \$37,684, over the original budgeted estimates of \$2,102,899. This difference was due primarily to additional sources of revenue (State Aid and Miscellaneous Revenues).

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

### Capital Assets

At the end of the fiscal year 2014, the School District had \$876,422 invested in land, building, furniture and equipment and vehicles. Table 4 shows fiscal year 2014 compared to 2013.

**Table 4**  
**Capital Assets (Net of Depreciation)**

|                          | 6/30/2014        | 6/30/2013         | VARIANCE        |          |
|--------------------------|------------------|-------------------|-----------------|----------|
|                          |                  |                   | Dollars         | Percent  |
| Land                     | \$26,248         | \$ 26,248         | \$ -            |          |
| Construction In Progress | 36,190           | 59,666            | (23,476)        | -39.35%  |
| Land Improvements        |                  | 512               | (512)           | -100.00% |
| Buildings & Improvements | 783,456          | 745,751           | 37,705          | 5.06%    |
| Machinery & Equipment    | 30,528           | 38,602            | (8,074)         | -20.92%  |
|                          | <u>\$876,422</u> | <u>\$ 870,779</u> | <u>\$ 5,643</u> | 0.65%    |

Overall capital assets increased \$5,643 from fiscal year 2013 to fiscal year 2014. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year.

In addition, over \$200,000 due from old SDA grants was collected. The lobby renovation project was completed and new grants are being acquired to partially fund toilet renovations.

### Debt Administration

At June 30, 2014, the School District had \$445,198 of long-term liabilities. Of this amount, \$59,329 is for compensated absences, \$375,000 for bonds for school improvements and \$10,869 for a school bus capital lease.

At June 30, 2014, the School District's overall legal debt margin was \$3,230,761 and the unvoted debt margin was \$3,230,761.

**Table 5**  
**Outstanding Debt at Year End**

|                    | 6/30/2014         | 6/30/2013         | VARIANCE           |          |
|--------------------|-------------------|-------------------|--------------------|----------|
|                    |                   |                   | Dollars            | Percent  |
| 1993 Loans Payable |                   | \$ 212            | \$ (212)           | (100.00) |
| 2009 Bond Issue    | <u>\$ 375,000</u> | <u>405,000</u>    | <u>(30,000)</u>    | (7.41)   |
|                    | <u>\$ 375,000</u> | <u>\$ 405,212</u> | <u>\$ (30,212)</u> | (7.46)   |

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
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 world language teacher transportation services and their food service provider whereby our daily lunches are delivered to our building as a satellite. With another district we share the services of their Chief School Administrator, Business Administrator, Curriculum Coordinator, and Child Study Team.

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.

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: Judy Holladay, 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 position 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 POSITION  
JUNE 30, 2014

|   | Govern-<br>mental<br>Activities | Business-<br>Type<br>Activities | Total             |
|---|---------------------------------|---------------------------------|-------------------|
| <b>ASSETS</b>                             |                                 |                                 |                   |
| Cash & Cash Equivalents                   | \$ 182,396                      | \$ 18,014                       | \$ 200,410        |
| Receivables, Net                          | 40,682                          | 505                             | 41,187            |
| Due from Other Funds                      | 1,599                           |                                 | 1,599             |
| Internal Balances                         | (721)                           | 721                             |                   |
| Inventory                                 |                                 | 675                             | 675               |
| Restricted Assets:                        |                                 |                                 |                   |
| Cash                                      | 223,978                         |                                 | 223,978           |
| Capital Assets, Net (Note 4):             |                                 |                                 |                   |
| Land and Construction in Progress         | 62,438                          |                                 | 62,438            |
| Other Capital Assets, Net of Depreciation | 808,965                         | 5,019                           | 813,984           |
| Total Assets                              | <u>1,319,337</u>                | <u>24,934</u>                   | <u>1,344,271</u>  |
| <b>LIABILITIES</b>                        |                                 |                                 |                   |
| Accounts Payable                          | 15,541                          |                                 | 15,541            |
| Unearned Revenue                          | 6,610                           | 675                             | 7,285             |
| Accrued Interest                          | 8,812                           |                                 | 8,812             |
| Long-Term Liabilities (Note 5):           |                                 |                                 |                   |
| Due Within One Year                       | 40,869                          |                                 | 40,869            |
| Due Beyond One Year                       | 345,000                         |                                 | 345,000           |
| Compensated Absences Payable              | 59,329                          |                                 | 59,329            |
| Total Liabilities                         | <u>476,161</u>                  | <u>675</u>                      | <u>476,836</u>    |
| <b>NET POSITION</b>                       |                                 |                                 |                   |
| Net Investment in Capital Assets          | 485,534                         | 5,019                           | 490,553           |
| Restricted For:                           |                                 |                                 |                   |
| Capital Reserve                           | 148,978                         |                                 | 148,978           |
| Maintenance Reserve                       | 15,000                          |                                 | 15,000            |
| Emergency Reserve                         | 60,000                          |                                 | 60,000            |
| Debt Service                              | 2,187                           |                                 | 2,187             |
| Unrestricted                              | <u>131,477</u>                  | <u>19,240</u>                   | <u>150,717</u>    |
| TOTAL NET POSITION                        | <u>\$ 843,176</u>               | <u>\$ 24,259</u>                | <u>\$ 867,435</u> |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| Functions/Programs                         | Direct Expenses | Indirect Expenses Allocation | Program Revenues     |                                 |                               | Net (Expense) Revenue & Changes in Net Position |                          |              |
|--|-----------------|------------------------------|----------------------|---------------------------------|-------------------------------|---|--------------------------|--------------|
|  |                 |                              | Charges for Services | Operating Grants & Contribution | Capital Grants & Contribution | Governmental Activities                         | Business-Type Activities | Total        |
| Government Activities:                     |                 |                              |                      |                                 |                               |   |                          |              |
| Instruction:                               |                 |                              |                      |                                 |                               |   |                          |              |
| Regular                                    | \$ 687,590      | \$ 272,721                   | \$ 46,359            | \$ 18,067                       |                               | \$ (895,885)                                    |                          | \$ (895,885) |
| Special Education                          | 227,353         | 92,160                       |                      | 2,156                           |                               | (317,357)                                       |                          | (317,357)    |
| Other Instruction                          | 31,298          | 1,761                        |                      | 8,311                           |                               | (24,748)  |                          | (24,748)     |
| Support Services:                          |                 |                              |                      |                                 |                               |   |                          |              |
| Tuition                                    | 113,397         |                              |                      | 28,146                          |                               | (85,251)  |                          | (85,251)     |
| Students & Instruction Related Services    | 356,914         | 45,654                       |                      | 12,809                          |                               | (389,759)                                       |                          | (389,759)    |
| General & Business Administrative Services | 126,204         | 2,575                        |                      |                                 |                               | (128,779)                                       |                          | (128,779)    |
| School Administrative Services             | 36,829          | 5,628                        |                      |                                 |                               | (42,457)  |                          | (42,457)     |
| Plant Operations & Maintenance             | 210,610         | 17,029                       | 3,368                |                                 |                               | (224,271)                                       |                          | (224,271)    |
| Pupil Transportation                       | 78,336          | 22,365                       | 1,500                |                                 |                               | (99,201)  |                          | (99,201)     |
| Interest on Long-Term Debt                 | 21,531          |                              |                      |                                 |                               | (21,531)  |                          | (21,531)     |
| Total Government Activities                | 1,890,062       | 459,893                      | 51,227               | 69,489                          | \$ -                          | (2,229,239)                                     | \$ -                     | (2,229,239)  |
| Business-Type Activities:                  |                 |                              |                      |                                 |                               |   |                          |              |
| Food Service                               | 45,630          |                              | 20,443               | 15,436                          |                               |   | (9,751)                  | (9,751)      |
| Total Primary Government                   | \$ 1,935,692    | \$ 459,893                   | \$ 71,670            | \$ 84,925                       | \$ -                          | (2,229,239)                                     | (9,751)                  | (2,238,990)  |
|  |                 |                              | General Revenues     |                                 |                               |   |                          |              |
|  |                 |                              |                      |                                 |                               | 1,753,938                                       |                          | 1,753,938    |
|  |                 |                              |                      |                                 |                               | 49,653  |                          | 49,653       |
|  |                 |                              |                      |                                 |                               | 458,581   |                          | 458,581      |
|  |                 |                              |                      |                                 |                               | 203   | 1                        | 204          |
|  |                 |                              |                      |                                 |                               | 11,723  |                          | 11,723       |
|  |                 |                              |                      |                                 |                               | (7,320)   |                          | (7,320)      |
|  |                 |                              |                      |                                 |                               | (237)   |                          | (237)        |
|  |                 |                              |                      |                                 |                               | (5,785)   | 5,785                    |              |
|  |                 |                              |                      |                                 |                               | 2,260,756                                       | 5,786                    | 2,266,542    |
|  |                 |                              |                      |                                 |                               | 31,517  | (3,965)                  | 27,552       |
|  |                 |                              |                      |                                 |                               | 811,659   | 28,224                   | 839,883      |
|  |                 |                              |                      |                                 |                               | \$ 843,176                                      | \$ 24,259                | \$ 867,435   |

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, 2014

|                                      | General<br>Fund   | Special<br>Revenue<br>Fund | Capital<br>Project<br>Fund | Debt<br>Service<br>Fund | Total<br>Govern-<br>mental<br>Funds |
|--------------------------------------|-------------------|----------------------------|----------------------------|-------------------------|-------------------------------------|
| <b>ASSETS</b>                        |                   |                            |                            |                         |                                     |
| Cash & Cash Equivalents              | \$ 179,779        |                            | \$ 390                     | \$ 2,227                | \$ 182,396                          |
| Receivables from Other Governments:  |                   |                            |                            |                         |                                     |
| State                                | 16,214            |                            |                            |                         | 16,214                              |
| Federal                              |                   | \$ 3,054                   |                            |                         | 3,054                               |
| Other Receivables                    | 21,414            |                            |                            |                         | 21,414                              |
| Due from Other Funds                 | 2,466             |                            |                            |                         | 2,466                               |
| Restricted Cash & Equivalents        | 223,978           |                            |                            |                         | 223,978                             |
| <b>TOTAL ASSETS</b>                  | <b>\$ 443,851</b> | <b>\$ 3,054</b>            | <b>\$ 390</b>              | <b>\$ 2,227</b>         | <b>\$ 449,522</b>                   |
| <b>LIABILITIES AND FUND BALANCES</b> |                   |                            |                            |                         |                                     |
| <b>Liabilities:</b>                  |                   |                            |                            |                         |                                     |
| Due to Other Funds                   | \$ 721            | \$ 437                     | \$ 390                     | \$ 40                   | \$ 1,588                            |
| Accounts Payable                     | 15,403            | 138                        |                            |                         | 15,541                              |
| Unearned Revenue                     | 4,131             | 2,479                      |                            |                         | 6,610                               |
| <b>Total Liabilities</b>             | <b>20,255</b>     | <b>3,054</b>               | <b>390</b>                 | <b>\$ 40</b>            | <b>23,739</b>                       |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014  
(Continued)

|   | General<br>Fund   | Special<br>Revenue<br>Fund | Capital<br>Project<br>Fund | Debt<br>Service<br>Fund | Total<br>Govern-<br>mental<br>Funds |
|---|-------------------|----------------------------|----------------------------|-------------------------|-------------------------------------|
| LIABILITIES AND FUND BALANCES (Cont'd)        |                   |                            |                            |                         |                                     |
| Fund Balances:                                |                   |                            |                            |                         |                                     |
| Committed Fund Balance:                       |                   |                            |                            |                         |                                     |
| Capital Reserve Account                       | \$ 148,978        |                            |                            |                         | \$ 148,978                          |
| Maintenance Reserve Account                   | 15,000            |                            |                            |                         | 15,000                              |
| Emergency Reserve Account                     | 60,000            |                            |                            |                         | 60,000                              |
| Assigned Fund Balance:                        |                   |                            |                            |                         |                                     |
| Year-End Encumbrances                         | 9,105             |                            |                            |                         | 9,105                               |
| Designated for Subsequent Year's Expenditures | 18,425            |                            |                            |                         | 18,425                              |
| Unassigned Fund Balance                       | 172,088           |                            |                            | \$ 2,187                | 174,275                             |
| Total Fund Balances                           | <u>423,596</u>    | <u>\$ -</u>                | <u>\$ -</u>                | <u>2,187</u>            | <u>425,783</u>                      |
| TOTAL LIABILITIES AND FUND BALANCES           | <u>\$ 443,851</u> | <u>\$ 3,054</u>            | <u>\$ 390</u>              | <u>\$ 2,227</u>         |                                     |

Amounts Reported for Governmental Activities in the Statement of Net Assets  
(A-1) are Different Because:

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

\$ 1,397,214  
525,811

871,403

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

(445,198)

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

(8,812)

Total Net Assets of Governmental Activities

\$ 843,176

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, 2014

|  | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|--------------|----------------------|-----------------------|-------------------|--------------------------|
| <b>REVENUES</b>                            |              |                      |                       |                   |                          |
| Local Sources:                             |              |                      |                       |                   |                          |
| Local Tax Levy                             | \$ 1,753,938 |                      |                       | \$ 49,653         | \$ 1,803,591             |
| Tuition-Individuals                        | 46,359       |                      |                       |                   | 46,359                   |
| Interest on Investments                    | 203          |                      |                       |                   | 203                      |
| Miscellaneous                              | 16,591       |                      |                       |                   | 16,591                   |
| Total                                      | 1,817,091    | \$ -                 | \$ -                  | 49,653            | 1,866,744                |
| State Sources                              | 458,541      |                      |                       | 40                | 458,581                  |
| State Sources-Grant Funds Deobligated      |              |                      | (7,320)               |                   | (7,320)                  |
| Federal Sources                            |              | 69,489               |                       |                   | 69,489                   |
| Total Revenues                             | 2,275,632    | 69,489               | (7,320)               | 49,693            | 2,387,494                |
| <b>EXPENDITURES</b>                        |              |                      |                       |                   |                          |
| Current:                                   |              |                      |                       |                   |                          |
| Instructional:                             |              |                      |                       |                   |                          |
| Regular Instruction                        | 669,523      | 18,067               |                       |                   | 687,590                  |
| Special Education Instruction              | 215,636      | 2,156                |                       |                   | 217,792                  |
| Other Special Instruction                  | 1,250        | 8,311                |                       |                   | 9,561                    |
| Other Instruction                          | 31,298       |                      |                       |                   | 31,298                   |
| Support Service & Undistributed Costs:     |              |                      |                       |                   |                          |
| Tuition                                    | 85,251       | 28,146               |                       |                   | 113,397                  |
| Student & Instruction Related Services     | 344,105      | 12,809               |                       |                   | 356,914                  |
| General & Business Administrative Services | 126,204      |                      |                       |                   | 126,204                  |
| School Administrative Services             | 36,829       |                      |                       |                   | 36,829                   |
| Plant Operations & Maintenance             | 210,610      |                      |                       |                   | 210,610                  |
| Pupil Transportation                       | 89,678       |                      |                       |                   | 89,678                   |
| Unallocated Benefits                       | 396,772      |                      |                       |                   | 396,772                  |

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, 2014  
(Continued)

|   | General<br>Fund   | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Govern-<br>mental<br>Funds |
|---|-------------------|----------------------------|-----------------------------|-------------------------|-------------------------------------|
| EXPENDITURES (Cont'd)                                     |                   |                            |                             |                         |                                     |
| Capital Outlay  | \$ 36,190         |                            |                             |                         | \$ 36,190                           |
| Debt Services:  |                   |                            |                             |                         |                                     |
| Principal   |                   |                            |                             | \$ 30,212               | 30,212                              |
| Interest & Other Charges                                  | 1,825             |                            |                             | 19,481                  | 21,306                              |
| Total Expenditures  | <u>2,245,171</u>  | <u>\$ 69,489</u>           | <u>\$ -</u>                 | <u>49,693</u>           | <u>2,364,353</u>                    |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>30,461</u>     | <u>-</u>                   | <u>(7,320)</u>              | <u>-</u>                | <u>23,141</u>                       |
| Other Financing Sources (Uses):                           |                   |                            |                             |                         |                                     |
| Operating Transfers (Out)-Cafeteria                       | (5,785)           |                            |                             |                         | (5,785)                             |
| Operating Transfers (Out)-State Unemployment              | (5,000)           |                            |                             |                         | (5,000)                             |
| Operating Transfer In-Capital Reserve Funds               |                   |                            | 46,022                      |                         | 46,022                              |
| Operating Transfers (Out)-Capital Reserve Funds           | (46,022)          |                            |                             |                         | (46,022)                            |
| Operating Transfers (Out)-Capital Projects Fund           |                   |                            | (2,187)                     |                         | (2,187)                             |
| Operating Transfer In-Capital Projects Fund               |                   |                            |                             | 2,187                   | 2,187                               |
| Prior Year Adjustment-Interest Income Cancelled           |                   |                            | (237)                       |                         | (237)                               |
| Total Other Financing Sources (Uses)                      | <u>(56,807)</u>   | <u>-</u>                   | <u>43,598</u>               | <u>2,187</u>            | <u>(11,022)</u>                     |
| Net Change in Fund Balance                                | (26,346)          | -                          | 36,278                      | 2,187                   | 12,119                              |
| Fund Balances, July 1                                     | <u>449,942</u>    | <u>-</u>                   | <u>(36,278)</u>             | <u>-</u>                | <u>413,664</u>                      |
| Fund Balances, June 30                                    | <u>\$ 423,596</u> | <u>\$ -</u>                | <u>\$ -</u>                 | <u>\$ 2,187</u>         | <u>\$ 425,783</u>                   |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|  |                 |                 |
|--|-----------------|-----------------|
| Total Net Changes in Fund Balances-Governmental Fund (from B-2)  | \$              | 12,119          |
| Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:   |                 |                 |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses:   |                 |                 |
| Capital Outlays  | \$ 36,190       |                 |
| Depreciation Expense   | <u>(29,959)</u> | 6,231           |
| 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  | 30,212          |                 |
| Loan Principal Payments  | <u>10,416</u>   | 40,628          |
| 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.   |                 |                 |
|  |                 | 701             |
| In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. |                 |                 |
|  |                 | <u>(28,162)</u> |
| Change in Net Position of Governmental Activities  | <u>\$</u>       | <u>31,517</u>   |

MILFORD BOROUGH SCHOOL DISTRICT  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

|                                     | <u>Food Service<br/>Total</u> |
|-------------------------------------|-------------------------------|
| ASSETS                              |                               |
| Current Assets:                     |                               |
| Cash & Cash Equivalents             | \$ 18,014                     |
| Receivables from Other Governments: |                               |
| State                               | 43                            |
| Federal                             | 462                           |
| Due from Other Funds:               |                               |
| General Fund                        | 721                           |
| Inventory                           | 675                           |
| Total Current Assets                | <u>19,915</u>                 |
| Noncurrent Assets:                  |                               |
| Capital Assets                      | 22,915                        |
| Less: Accumulated Depreciation      | 17,896                        |
| Total Noncurrent Assets             | <u>5,019</u>                  |
| Total Assets                        | <u>24,934</u>                 |
| LIABILITIES                         |                               |
| Current Liabilities:                |                               |
| Unearned Revenues                   | 675                           |
| Total Liabilities                   | <u>675</u>                    |
| NET POSITION                        |                               |
| Net Investment in Capital Assets    | 5,019                         |
| Unrestricted                        | <u>19,240</u>                 |
| TOTAL NET POSITION                  | <u>\$ 24,259</u>              |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUES EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|  | <u>Food Service<br/>Total</u> |
|--|-------------------------------|
| Operating Revenues:                    |                               |
| Charges for Services:                  |                               |
| Daily Sales-Reimbursable Programs      | \$ 17,903                     |
| Daily Sales-Nonreimbursable Programs   | <u>2,540</u>                  |
| Total Operating Revenues               | <u>20,443</u>                 |
| Other Expenses:                        |                               |
| Costs of Sales                         | 32,094                        |
| Salaries                               | 9,487                         |
| Employee Benefits                      | 572                           |
| Insurance                              | 732                           |
| Management Fees                        | 2,000                         |
| Other Purchased Services               | 157                           |
| Depreciation                           | 588                           |
| Total Operating Expenses               | <u>45,630</u>                 |
| Operating Income (Loss)                | <u>(25,187)</u>               |
| Nonoperating Revenues (Expenses):      |                               |
| State Sources:                         |                               |
| State School Lunch Program             | 329                           |
| Other                                  | 19                            |
| Federal Sources:                       |                               |
| National School Lunch Program:         |                               |
| Cash Assistance                        | 6,759                         |
| Non-Cash Assistance (Commodities)      | 8,329                         |
| Interest Income                        | 1                             |
| Total Nonoperating Revenues (Expenses) | <u>15,437</u>                 |
| Other Financing Sources:               |                               |
| Operating Transfer In                  | <u>5,785</u>                  |
| Total Other Financing Sources          | <u>5,785</u>                  |
| Change in Net Position                 | (3,965)                       |
| Net Position, Beginning                | <u>28,224</u>                 |
| Net Position, Ending                   | <u>\$ 24,259</u>              |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|   | Food Service<br>Total |
|---|-----------------------|
| Cash Flows from Operating Activities:   |                       |
| Receipts from Customers   | \$ 20,443             |
| Payments to Food Service Management Co  | (9,952)               |
| Payments to Vendors (Net)   | (28,284)              |
| Net Cash Provided by (Used For) Operating Activities  | (17,793)              |
| Cash Flows from Non-Capital Financing Activities:   |                       |
| State Sources   | 346                   |
| Federal Sources   | 6,611                 |
| Interfund Activity:   |                       |
| Capital Projects Fund   | 6,813                 |
| General Fund  | 123                   |
| Operating Transfer In   | 5,785                 |
| Net Cash Provided by (Used For) Non-Capital Financing Activities  | 19,678                |
| Cash Flows from Investing Activities:   |                       |
| Interest Earned on Investments  | 1                     |
| Net Cash Provided by (Used For) Investing Activities  | 1                     |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 1,886                 |
| Cash and Cash Equivalents, Beginning  | 16,128                |
| Cash and Cash Equivalents, Ending   | \$ 18,014             |
| Reconciliation of Operating Income (Loss) to Net Cash Provide by (Used For)                               |                       |
| Operating Activities:   |                       |
| Operating Income (Loss)   | \$ (25,187)           |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities: |                       |
| Depreciation  | 588                   |
| Federal Food Donation Program   | 7,967                 |
| (Increase) Decrease in Inventory  | 362                   |
| Increase (Decrease) in Accounts Payable   | (1,523)               |
| Net Cash Provided by (Used For) Operating Activities  | \$ (17,793)           |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2014

|                                   | Unemployment<br>Compensation<br>Fund | Student<br>Activity<br>Agency<br>Fund | Payroll<br>Agency<br>Fund |
|-----------------------------------|--------------------------------------|---------------------------------------|---------------------------|
| ASSETS                            |                                      |                                       |                           |
| Cash & Cash Equivalents           | \$ 33,909                            | \$ 11,378                             | \$ 18,801                 |
| TOTAL ASSETS                      | 33,909                               | \$ 11,378                             | \$ 18,801                 |
| LIABILITIES                       |                                      |                                       |                           |
| Due to Other Funds                |                                      |                                       | \$ 1,600                  |
| Due to Student Groups             |                                      | \$ 11,378                             |                           |
| Payroll Deductions & Withholdings |                                      |                                       | 17,201                    |
| TOTAL LIABILITIES                 | -                                    | \$ 11,378                             | \$ 18,801                 |
| NET POSITION                      | \$ 33,909                            |                                       |                           |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|                                     | <u>Unemployment<br/>Compensation<br/>Fund</u> |
|-------------------------------------|---|
| ADDITIONS                           |   |
| Contributions:                      |   |
| Plan Members                        | \$ 2,075                                      |
| Investment Earnings-Interest        | 14  |
| Total Additions                     | <u>2,089</u>                                  |
| DEDUCTIONS                          |   |
| Unemployment Claims                 | <u>1,650</u>                                  |
|                                     | 439   |
| Other Financing Sources:            |   |
| Transfers in from General Fund      | <u>5,000</u>                                  |
| Change in Net Position              | 5,439   |
| Net Position, Beginning of the Year | <u>28,470</u>                                 |
| Net Position, End of the Year       | <u><u>\$ 33,909</u></u>                       |

**NOTES TO FINANCIAL STATEMENTS**

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

**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, 2014 of 107 students.

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

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

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

Fiduciary Fund Types

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

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

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

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

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, if necessary are voted upon at the annual school election in November. 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, 2014 were insignificant.

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

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned 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 2013-2014 and 2012-2013 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 unearned 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, 2014.

MILFORD BOROUGH SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2014  
 (Continued)

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

J. Capital Assets

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

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

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

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

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2014  
 (Continued)

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

L. Unearned Revenue

Unearned 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.

Unearned 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 unearned 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 position. Bond premiums and discounts 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.

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 Balances-Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable—includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted—includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed—includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned—includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

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

N. Fund Balances-Governmental Funds (cont'd)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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.

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

**NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)**

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, 2014 appear in the financial statements as summarized below:

|  |             |                   |
|--|-------------|-------------------|
| Cash                                       |             | <u>\$ 489,476</u> |
|  | <u>Ref.</u> |                   |
| Cash:                                      |             |                   |
| Governmental Funds, Balance Sheet          | B-1         | \$ 407,374        |
| Enterprise Fund, Statement of Net Position | B-4         | 18,014            |
| Fiduciary Funds, Statement of Net Position | B-7         | <u>64,088</u>     |
| Total Cash                                 |             | <u>\$ 489,476</u> |

MILFORD BOROUGH SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2014  
 (Continued)

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

Deposits – The District's carrying amount of bank deposits at June 30, 2014 is \$489,476 and the bank balance is \$581,491. Of the bank balance, \$250,000 is covered by federal depository insurance and \$331,491 is insured by GUDPA.

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 are required for:
  - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
  - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

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, 2014, the district has no investments.

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

|                                  | Beginning<br>Balance | Increases        | Decreases        | Ending<br>Balance |
|----------------------------------|----------------------|------------------|------------------|-------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>   |                      |                  |                  |                   |
| Capital Assets, Not Being        |                      |                  |                  |                   |
| Depreciated:                     |                      |                  |                  |                   |
| Land                             | \$ 26,248            |                  |                  | \$ 26,248         |
| Construction in Progress         | 59,666               | \$ 36,190        | \$ 59,666        | 36,190            |
| Total                            | <u>85,914</u>        | <u>36,190</u>    | <u>59,666</u>    | <u>62,438</u>     |
| Capital Assets, Being            |                      |                  |                  |                   |
| Depreciated:                     |                      |                  |                  |                   |
| Land Improvements                | 74,250               |                  |                  | 74,250            |
| Building & Improvements          | 1,048,152            | 59,666           |                  | 1,107,818         |
| Furniture & Equipment            | 152,708              |                  |                  | 152,708           |
| Total                            | <u>1,275,110</u>     | <u>59,666</u>    | <u>-0-</u>       | <u>1,334,776</u>  |
| Accumulated Depreciation:        |                      |                  |                  |                   |
| Land Improvements                | 73,738               | 512              |                  | 74,250            |
| Building & Improvements          | 302,401              | 21,961           |                  | 324,362           |
| Furniture & Equipment            | 119,713              | 7,486            |                  | 127,199           |
| Total                            | <u>495,852</u>       | <u>29,959</u>    | <u>-0-</u>       | <u>525,811</u>    |
| Total Capital Assets, Being      |                      |                  |                  |                   |
| Depreciated, Net                 | <u>779,258</u>       | <u>29,707</u>    | <u>-0-</u>       | <u>808,965</u>    |
| Governmental Activities Capital  |                      |                  |                  |                   |
| Assets, Net                      | <u>\$ 865,172</u>    | <u>\$ 65,897</u> | <u>\$ 59,666</u> | <u>\$ 871,403</u> |
| Business-Type Activities:        |                      |                  |                  |                   |
| Furniture & Equipment            | \$ 22,915            |                  |                  | \$ 22,915         |
| Less: Accum Depreciation         | <u>17,308</u>        | <u>\$ 588</u>    |                  | <u>17,896</u>     |
| Business-Type Activities Capital |                      |                  |                  |                   |
| Assets, Net                      | <u>\$ 5,607</u>      | <u>\$ (588)</u>  | <u>\$ -0-</u>    | <u>\$ 5,019</u>   |

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

|  |                  |
|--|------------------|
| Instruction:   |                  |
| Regular  | \$ 11,705        |
| Special Education                                      | 3,870            |
| Other Instruction                                      | 533              |
| Support Services:                                      |                  |
| Student & Instruction                                  | 6,076            |
| General & Business Admin                               | 2,148            |
| School Administration                                  | 627              |
| Transportation   | <u>5,000</u>     |
| Total Depreciation Expense,<br>Governmental Activities | <u>\$ 29,959</u> |

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

**NOTE 5. LONG-TERM DEBT**

Long-Term Liability Activity for the Year Ended June 30, 2014 is as Follows:

|  | Beginning<br>Balance | Additions        | Reductions       | Ending<br>Balance | Due Within<br>One Year |
|--|----------------------|------------------|------------------|-------------------|------------------------|
| Governmental Activities:                                   |                      |                  |                  |                   |                        |
| Loan Payable   | \$ 212               |                  | \$ 212           |                   |                        |
| Bonds Payable  | 405,000              |                  | 30,000           | \$ 375,000        | \$ 30,000              |
| Capital Leases   | 21,285               |                  | 10,416           | 10,869            | 10,869                 |
| Compensated Absences Payable                               | 31,167               | \$ 33,162        | 5,000            | 59,329            |                        |
| <b>Total Governmental Activities Long-Term Liabilities</b> | <b>\$ 457,664</b>    | <b>\$ 33,162</b> | <b>\$ 45,628</b> | <b>\$ 445,198</b> | <b>\$ 40,869</b>       |

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, 2014 including interest payments are listed as follows:

| Year Ending June 30, | Principal         | Interest          | Total             |
|----------------------|-------------------|-------------------|-------------------|
| 2015                 | \$ 30,000         | \$ 18,881         | \$ 48,881         |
| 2016                 | 30,000            | 16,913            | 46,913            |
| 2017                 | 30,000            | 15,375            | 45,375            |
| 2018                 | 30,000            | 13,838            | 43,838            |
| 2019                 | 30,000            | 12,300            | 42,300            |
| 2020                 | 35,000            | 10,634            | 45,634            |
| 2021                 | 35,000            | 8,841             | 43,841            |
| 2022                 | 35,000            | 7,047             | 42,047            |
| 2023                 | 40,000            | 5,125             | 45,125            |
| 2024                 | 40,000            | 3,075             | 43,075            |
| 2025                 | 40,000            | 1,025             | 41,025            |
| <b>Total</b>         | <b>\$ 375,000</b> | <b>\$ 113,054</b> | <b>\$ 488,054</b> |

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

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

Bonds and Loans Payable – Loans payable at June 30, 2014, with their outstanding balances are comprised of the following individual issues:

|  |                   |
|--|-------------------|
| \$480,000-2009 general obligation school bond, due in annual<br>Installments of \$25,000 to \$40,000 beginning July 15, 2010 through<br>July 15, 2024, interest at 4.00% to 5.125% | <u>\$ 375,000</u> |
|--|-------------------|

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, 2014:

| <u>Year Ending June 30,</u>              | <u>General Fund</u> |
|--|---------------------|
| 2015                                     | \$ 11,342           |
| Amount Representing Interest             | <u>473</u>          |
| Present Value of Minimum Leases Payments | <u>\$ 10,869</u>    |

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, 2014 is \$3,605,761. General obligation debt at June 30, 2014 is \$375,000, resulting in a legal debt margin of \$3,230,761.

**NOTE 6. PENSION PLANS**

Description of Systems

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

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

Description of Systems (Cont'd)

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

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

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,000 in 2013) 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](http://www.prudential.com/njdcrp).

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

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

Significant Legislation

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

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

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

Contribution Requirements

The contribution policy is set by 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<br>Funding | TPAF<br>Retirement<br>Benefit Costs | Percentage<br>of APC<br>Contributed |
|-----------------|-------------------------------------|-------------------------------------|
| 06/30/14        | \$ 87,079                           | 100%                                |
| 06/30/13        | 103,632                             | 100%                                |
| 06/30/12        | 70,329                              | 100%                                |

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

Contribution Requirements (cont'd)

Three-Year Trend Information for PERS

| Year<br>Funding | Annual<br>Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed |
|-----------------|---------------------------------|-------------------------------------|
| 06/30/14        | \$ 17,544                       | 100%                                |
| 06/30/13        | 17,998                          | 100%                                |
| 06/30/12        | 18,880                          | 100%                                |

During the year ended June 30, 2014, the State of New Jersey contributed \$54,090 to the TPAF for post-retirement medical benefits, \$2,676 for non-contributory insurance premiums and \$30,313 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 \$52,359 during the year ended June 30, 2014 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 of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees eligible for post-retirement medical benefits and the state contributed \$1.07 billion on their behalf. 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 2013, the State paid \$173.8 million toward Ch 126 benefits for 17,356 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.

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

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

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 State 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, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at ([www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)).

**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, 2014 is as follows:

| Fund                  | Receivable<br>Fund | Payable<br>Fund |
|-----------------------|--------------------|-----------------|
| General Fund          | \$ 2,466           | \$ 721          |
| Capital Projects Fund |                    | 390             |
| Enterprise Fund       | 721                |                 |
| Debt Service Fund     |                    | 40              |
| Special Revenue Fund  |                    | 436             |
| Payroll Agency Fund   |                    | 1,600           |
|                       | <u>\$ 3,187</u>    | <u>\$ 3,187</u> |

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

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

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.

**NOTE 10. INVENTORY**

Inventory in the Food Service Fund June 30, 2014 consisted of the following:

|      |               |
|------|---------------|
| Food | \$ <u>675</u> |
|------|---------------|

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

**NOTE 11. CONTINGENT LIABILITIES**

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

**NOTE 12. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

| <u>Fiscal Year</u> | <u>Board<br/>Contrib</u> | <u>Interest<br/>Earnings</u> | <u>Employee<br/>Contrib</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|--------------------|--------------------------|------------------------------|-----------------------------|------------------------------|---------------------------|
| 2013-2014          | \$ 5,000                 | \$ 14                        | \$ 2,075                    | \$ 1,650                     | \$ 33,909                 |
| 2012-2013          | 5,000                    | 16                           | 2,197                       | 2,108                        | 28,470                    |
| 2011-2012          | 6,500                    | 19                           | 2,795                       | 7,628                        | 23,365                    |

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

**NOTE 13. FUND BALANCES-BUDGETARY BASIS**

As described in Note 1 N-Fund Balance may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2014 and 2013 is as follows:

|  | 2014       | 2013       |
|--|------------|------------|
| Committed:   |            |            |
| Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan  | \$ 148,978 | \$ 120,000 |
| Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (18A:76-9)  | 15,000     |            |
| Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education  | 60,000     |            |
| Restricted:  |            |            |
| Excess Surplus-Represents amount in excess of allowable Percentage of expenditures. In accordance with State Statute the excess surplus is designated for utilization succeeding years budgets |            | 3,473      |
| Assigned:  |            |            |
| 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,  | 9,105      | 126,095    |
| Designated Surplus-Designated for Subsequent Year's Expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements                                     | 18,425     |            |
| Unassigned:  |            |            |
| Undesignated-Represents fund balance which has not been restricted or designated   | 202,875    | 226,772    |
| Total Fund Balance   | \$ 454,383 | \$ 476,340 |

**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, 2014 is \$-0-.

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

**NOTE 15: SUBSEQUENT EVENTS**

The District has evaluated subsequent events through November 14, 2014, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**NOTE 16: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any effect on the District's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No.70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68". This statement, which is effective for fiscal periods beginning after June 30, 2014, is not expected to have an effect on the District's financial reporting.

**REQUIRED SUPPLEMENTARY INFORMATION-PART II**

**BUDGETARY COMPARISON SCHEDULES**

MILFORD BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|   | Original<br>Budget  | Budget<br>Transfers | Final<br>Budget     | Actual              | Variance<br>Final<br>to Actual |
|---|---------------------|---------------------|---------------------|---------------------|--------------------------------|
| <b>REVENUES</b>                                 |                     |                     |                     |                     |                                |
| Local Sources:                                  |                     |                     |                     |                     |                                |
| Local Tax Levy                                  | \$ 1,753,938        |                     | \$ 1,753,938        | \$ 1,753,938        |                                |
| Other Local Governmental Units-Unrestricted     | 3,561               |                     | 3,561               | 3,368               | \$ (193)                       |
| Tuition-Individuals                             | 34,182              |                     | 34,182              | 46,359              | 12,177                         |
| Interest Earned On Capital Reserve Funds        | 50                  |                     | 50                  |                     | (50)                           |
| Interest Earned on Investments                  | 500                 |                     | 500                 | 203                 | (297)                          |
| Transportation Services                         |                     |                     |                     | 1,500               | 1,500                          |
| Before and After Care                           |                     |                     |                     | 7,308               | 7,308                          |
| Unrestricted Miscellaneous Revenues             | 1,000               |                     | 1,000               | 4,415               | 3,415                          |
| <b>Total</b>                                    | <u>1,793,231</u>    | <u>\$ -</u>         | <u>1,793,231</u>    | <u>1,817,091</u>    | <u>23,860</u>                  |
| State Sources:                                  |                     |                     |                     |                     |                                |
| Categorical Special Education Aid               | 58,167              |                     | 58,167              | 58,167              |                                |
| Equalization Aid                                | 202,744             |                     | 202,744             | 202,744             |                                |
| Categorical Security Aid                        | 1,915               |                     | 1,915               | 1,915               |                                |
| Categorical Transportation Aid                  | 2,238               |                     | 2,238               | 2,238               |                                |
| School Choice Aid                               | 44,604              |                     | 44,604              | 44,604              |                                |
| Extraordinary Special Education Aid             |                     |                     |                     | 13,179              | 13,179                         |
| Nonpublic School Transportation Aid             |                     |                     |                     | 645                 | 645                            |
| On-Behalf TPAF Pension Contributions            |                     |                     |                     | 32,989              | 32,989                         |
| On-Behalf TPAF Post Retirement Medical Benefits |                     |                     |                     | 54,090              | 54,090                         |
| Reimbursed TPAF Social Security Contribution    |                     |                     |                     | 52,359              | 52,359                         |
| <b>Total</b>                                    | <u>309,668</u>      | <u>-</u>            | <u>309,668</u>      | <u>462,930</u>      | <u>153,262</u>                 |
| <b>TOTAL REVENUES</b>                           | <u>\$ 2,102,899</u> | <u>\$ -</u>         | <u>\$ 2,102,899</u> | <u>\$ 2,280,021</u> | <u>\$ 177,122</u>              |
| <b>EXPENDITURES</b>                             |                     |                     |                     |                     |                                |
| Current:  |                     |                     |                     |                     |                                |
| Instruction-Regular Programs:                   |                     |                     |                     |                     |                                |
| Salaries of Teachers:                           |                     |                     |                     |                     |                                |
| Kindergarten                                    | \$ 86,755           | \$ 680              | \$ 87,435           | \$ 87,435           |                                |
| Grades 1-5                                      | 203,801             | 7,189               | 210,990             | 210,965             | \$ 25                          |
| Grades 6-8                                      | 253,220             | (16,507)            | 236,713             | 236,675             | 38                             |
| Regular Programs-Undistributed Instruction:     |                     |                     |                     |                     |                                |
| Other Salaries for Instruction                  | 9,450               | (3,489)             | 5,961               | 4,113               | 1,848                          |
| Purchased Professional-Educational Services     | 40,364              | (1,000)             | 39,364              | 39,364              |                                |
| Other Purchased Services                        | 30,750              | 1,385               | 32,135              | 29,886              | 2,249                          |
| General Supplies                                | 80,181              | (20,738)            | 59,443              | 57,810              | 1,633                          |
| Textbooks                                       | 19,209              | (16,000)            | 3,209               | 3,089               | 120                            |
| Other Objects                                   | 2,800               | (2,230)             | 570                 | 186                 | 384                            |
| <b>Total</b>                                    | <u>726,530</u>      | <u>(50,710)</u>     | <u>675,820</u>      | <u>669,523</u>      | <u>6,297</u>                   |
| Special Education:                              |                     |                     |                     |                     |                                |
| Resource Room/Center:                           |                     |                     |                     |                     |                                |
| Salaries of Teachers                            | 93,547              | 690                 | 94,237              | 94,228              | 9                              |
| Other Salaries for Instruction                  | 51,274              | 8,160               | 59,434              | 59,141              | 293                            |
| Other Purchased Services                        | 500                 | 3,025               | 3,525               | 3,443               | 82                             |
| General Supplies                                | 2,189               | (1,100)             | 1,089               | 1,059               | 30                             |
| Textbooks                                       | 250                 |                     | 250                 |                     | 250                            |
| <b>Total</b>                                    | <u>147,760</u>      | <u>10,775</u>       | <u>158,535</u>      | <u>157,871</u>      | <u>664</u>                     |
| Preschool Disabilities-Part-Time:               |                     |                     |                     |                     |                                |
| Salaries of Teachers                            | 48,232              |                     | 48,232              | 48,232              |                                |
| Other Salaries for Instruction                  | 12,836              | (3,300)             | 9,536               | 9,518               | 18                             |
| Other Purchased Services                        | 500                 | (500)               |                     |                     |                                |
| General Supplies                                | 3                   | 12                  | 15                  | 15                  |                                |
| <b>Total</b>                                    | <u>61,571</u>       | <u>(3,788)</u>      | <u>57,783</u>       | <u>57,765</u>       | <u>18</u>                      |
| <b>Total Special Education</b>                  | <u>209,331</u>      | <u>6,987</u>        | <u>216,318</u>      | <u>215,636</u>      | <u>682</u>                     |

MILFORD BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

| EXPENDITURES (Cont'd)                            | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final<br>to Actual |
|--|--------------------|---------------------|-----------------|------------|--------------------------------|
| Current: (cont'd)                                |                    |                     |                 |            |                                |
| Basic Skills/Remedial-Instruction:               |                    |                     |                 |            |                                |
| Salaries   | \$ 700             | \$ 550              | \$ 1,250        | \$ 1,250   |                                |
| General Supplies                                 | 250                | (250)               |                 |            |                                |
| Total  | 950                | 300                 | 1,250           | 1,250      | \$ -                           |
| School-Sponsored Co/Extra-Curricular Activities: |                    |                     |                 |            |                                |
| Salaries   | 11,250             | (2,550)             | 8,700           | 7,705      | 995                            |
| Supplies & Materials                             | 1,500              | (1,500)             |                 |            |                                |
| Total  | 12,750             | (4,050)             | 8,700           | 7,705      | 995                            |
| School-Sponsored Athletics:                      |                    |                     |                 |            |                                |
| Salaries   | 12,000             | 600                 | 12,600          | 12,600     |                                |
| Purchased Services                               | 6,150              | (1,000)             | 5,150           | 1,949      | 3,201                          |
| Supplies & Materials                             | 4,000              | (2,890)             | 1,110           | 959        | 151                            |
| Total  | 22,150             | (3,290)             | 18,860          | 15,508     | 3,352                          |
| Other Instructional Programs—Instruction:        |                    |                     |                 |            |                                |
| Salaries   |                    | 9,047               | 9,047           | 8,038      | 1,009                          |
| Supplies & Materials                             |                    | 100                 | 100             | 47         | 53                             |
| Total  | -                  | 9,147               | 9,147           | 8,085      | 1,062                          |
| Total Instruction Regular                        | \$ 971,711         | \$ (41,616)         | \$ 930,095      | \$ 917,707 | \$ 12,388                      |
| Undistributed Expenditures:                      |                    |                     |                 |            |                                |
| Instruction Tuition:                             |                    |                     |                 |            |                                |
| Other LEAs Within State-Special                  | \$ 2,100           | \$ 15,600           | \$ 17,700       | \$ 17,511  | \$ 189                         |
| Private Schools for the Disabled Within State    | 27,463             | 40,278              | 67,741          | 67,740     | 1                              |
| Total  | 29,563             | 55,878              | 85,441          | 85,251     | 190                            |
| Health Services:                                 |                    |                     |                 |            |                                |
| Salaries   | 73,767             |                     | 73,767          | 73,692     | 75                             |
| Purchased Professional & Technical Services      | 2,000              | 80                  | 2,080           | 2,079      | 1                              |
| Supplies & Materials                             | 2,334              | (80)                | 2,254           | 1,620      | 634                            |
| Total  | 78,101             | -                   | 78,101          | 77,391     | 710                            |
| Speech, OT, PT & Related Services                |                    |                     |                 |            |                                |
| Salaries   |                    | 7,500               | 7,500           | 501        | 6,999                          |
| Purchased Professional-Educational Services      | 89,227             | (13,008)            | 76,219          | 73,291     | 2,928                          |
| Supplies & Materials                             | 1,000              | (800)               | 200             |            | 200                            |
| Total  | 90,227             | (6,308)             | 83,919          | 73,792     | 10,127                         |
| Other Support Services Students—Extra Services:  |                    |                     |                 |            |                                |
| Purchased Professional-Educational Services      |                    | 14,250              | 14,250          | 11,875     | 2,375                          |
| Total  | -                  | 14,250              | 14,250          | 11,875     | 2,375                          |
| Child Study Team:                                |                    |                     |                 |            |                                |
| Salaries of Other Professional Staff             | 31,273             | (9,690)             | 21,583          | 21,578     | 5                              |
| Salaries of Secretarial & Clerical Assistants    | 35,034             | 5,510               | 40,544          | 40,544     |                                |
| Purchased Professional-Educational Services      | 92,664             | 5,863               | 98,527          | 98,504     | 23                             |
| Other Purchased Services                         |                    | 70                  | 70              |            | 70                             |
| Miscellaneous Purchased Services                 | 1,350              | 930                 | 2,280           | 868        | 1,412                          |
| Supplies & Materials                             | 500                | (100)               | 400             |            | 400                            |
| Total  | 160,821            | 2,583               | 163,404         | 161,494    | 1,910                          |
| Improvement of Instruction:                      |                    |                     |                 |            |                                |
| Purchased Professional—Educational Services      |                    | 14,250              | 14,250          | 11,875     | 2,375                          |
| Total  | -                  | 14,250              | 14,250          | 11,875     | 2,375                          |

MILFORD BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual   | Variance<br>Final<br>to Actual |
|---|--------------------|---------------------|-----------------|----------|--------------------------------|
| <b>EXPENDITURES (Cont'd)</b>                    |                    |                     |                 |          |                                |
| Current: (cont'd)                               |                    |                     |                 |          |                                |
| Educational Media Services/School Library:      |                    |                     |                 |          |                                |
| Other Purchased Services                        | \$ 9,689           |                     | \$ 9,689        | \$ 7,028 | \$ 2,661                       |
| Total   | 9,689              | \$ -                | 9,689           | 7,028    | 2,661                          |
| Instructional Staff Training Services:          |                    |                     |                 |          |                                |
| Purchased Professional-Educational Services     | 7,200              |                     | 7,200           | 650      | 6,550                          |
| Supplies and Materials                          | 100                |                     | 100             |          | 100                            |
| Total   | 7,300              | -                   | 7,300           | 650      | 6,650                          |
| Support Services-General Administration:        |                    |                     |                 |          |                                |
| Legal Services                                  | 11,641             | 28,391              | 40,032          | 27,409   | 12,623                         |
| Audit Fees                                      | 10,000             | 200                 | 10,200          | 10,200   |                                |
| Other Purchased Professional Services           | 34,254             | (30)                | 34,224          | 32,596   | 1,628                          |
| Miscellaneous Purchased Services                | 1,855              | 3,000               | 4,855           | 4,562    | 293                            |
| General Supplies                                | 100                |                     | 100             |          | 100                            |
| Miscellaneous Expenditures                      | 300                |                     | 300             | 132      | 168                            |
| Board of Education Membership Dues and Fees     | 3,500              |                     | 3,500           | 2,659    | 841                            |
| Total   | 61,650             | 31,561              | 93,211          | 77,558   | 15,653                         |
| Support Services-School Administration:         |                    |                     |                 |          |                                |
| Salaries of Principals/Assist Principals        | 31,273             |                     | 31,273          | 30,176   | 1,097                          |
| Salaries of Secretarial and Clerical Assistants | 6,942              |                     | 6,942           | 6,653    | 289                            |
| Other Purchased Services                        | 500                |                     | 500             |          | 500                            |
| Supplies & Materials                            | 100                |                     | 100             |          | 100                            |
| Total   | 38,815             | -                   | 38,815          | 36,829   | 1,986                          |
| Central Services:                               |                    |                     |                 |          |                                |
| Salaries  | 6,942              |                     | 6,942           | 6,942    |                                |
| Purchased Professional Services                 | 48,800             | (3,200)             | 45,600          | 37,484   | 8,116                          |
| Purchased Technical Services                    | 3,320              | 900                 | 4,220           | 4,220    |                                |
| Supplies & Materials                            | 100                |                     | 100             |          | 100                            |
| Total   | 59,162             | (2,300)             | 56,862          | 48,646   | 8,216                          |
| Required Maintenance for School Facilities:     |                    |                     |                 |          |                                |
| Cleaning, Repair & Maintenance Services         | 52,014             | 20,600              | 72,614          | 70,996   | 1,618                          |
| Total   | 52,014             | 20,600              | 72,614          | 70,996   | 1,618                          |
| Custodial Services:                             |                    |                     |                 |          |                                |
| Salaries  | 41,805             | 10,045              | 51,850          | 48,706   | 3,144                          |
| Purchasing Professional & Technical Services    | 3,200              | 14,700              | 17,900          | 17,807   | 93                             |
| Cleaning, Repair, and Maintenance Services      | 7,700              |                     | 7,700           | 7,700    |                                |
| Other Purchased Property Services               | 3,850              | 500                 | 4,350           | 4,045    | 305                            |
| Insurance                                       | 17,340             | (6,868)             | 10,472          | 10,472   |                                |
| Miscellaneous Purchased Services                | 500                |                     | 500             |          | 500                            |
| General Supplies                                | 9,561              | (1,711)             | 7,850           | 7,388    | 462                            |
| Energy (Electricity)                            | 25,525             | 1,100               | 26,625          | 14,424   | 12,201                         |
| Energy (Oil)                                    | 46,775             | (22,745)            | 24,030          | 19,489   | 4,541                          |
| Total   | 156,256            | (4,979)             | 151,277         | 130,031  | 21,246                         |
| Care & Upkeep of Grounds:                       |                    |                     |                 |          |                                |
| Salaries  | 12,000             | (2,000)             | 10,000          | 9,583    | 417                            |
| Total   | 12,000             | (2,000)             | 10,000          | 9,583    | 417                            |

MILFORD BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual    | Variance<br>Final<br>to Actual |
|--|--------------------|---------------------|-----------------|-----------|--------------------------------|
| EXPENDITURES (Cont'd)                                |                    |                     |                 |           |                                |
| Current: (cont'd)                                    |                    |                     |                 |           |                                |
| Student Transportation Services:                     |                    |                     |                 |           |                                |
| Salaries for Non-Instructional Aides                 | \$ 5,785           | \$ (5,785)          |                 |           |                                |
| Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed      | 35,677             | 4,648               | \$ 40,325       | \$ 40,324 | \$ 1                           |
| Salaries for Pupil Trans (Other than Bet Home & Sch) | 16,255             | (8,758)             | 7,497           | 2,519     | 4,978                          |
| Cleaning, Repair & Maintenance Services              | 2,500              |                     | 2,500           | 2,332     | 168                            |
| Lease Purchase Payments-School Buses                 | 11,343             |                     | 11,343          | 11,342    | 1                              |
| Contract Svc (Other than Bet Home & Sch)-Vendors     |                    | 2,000               | 2,000           | 1,794     | 206                            |
| Contract Svc (Sp Ed Students)-Vendors                | 20,250             |                     | 20,250          | 18,250    | 2,000                          |
| Contract Svc (Sp Ed Students)-Joint Agrmnts          | 14                 |                     | 14              |           | 14                             |
| Contract Svc (Sp Ed Students)-ESCs & CTAs            | 25,000             | (24,918)            | 82              |           | 82                             |
| Contract Svc-Aid in Lieu Pymts-NonPubic School       | 5,084              |                     | 5,084           | 3,286     | 1,798                          |
| Contract Svc-Aid in Lieu Pymts-Choice School         | 7,200              |                     | 7,200           | 4,420     | 2,780                          |
| Miscellaneous Purchased Services                     | 1,000              |                     | 1,000           | 297       | 703                            |
| General Supplies                                     | 5,368              |                     | 5,368           | 5,114     | 254                            |
| Total  | 135,476            | (32,813)            | 102,663         | 89,678    | 12,985                         |
| Allocated Benefits-Employee:                         |                    |                     |                 |           |                                |
| Regular Programs:                                    |                    |                     |                 |           |                                |
| Social Security Contributions                        | 1,605              | 2,235               | 3,840           | 3,404     | 436                            |
| Other Retirement Contributions-PERS                  | 4,381              |                     | 4,381           | 4,381     |                                |
| Unemployment Compensation                            | 5,000              | (5,000)             |                 |           |                                |
| Workmen's Compensation                               | 3,472              |                     | 3,472           | 3,472     |                                |
| Other Employee Benefits                              |                    | 500                 | 500             | 500       |                                |
| Health Benefits                                      | 119,455            | (1,702)             | 117,753         | 117,578   | 175                            |
| Total  | 133,913            | (3,967)             | 129,946         | 129,335   | 611                            |
| Special Programs:                                    |                    |                     |                 |           |                                |
| Social Security Contributions                        | 1,709              | 2,992               | 4,701           | 3,162     | 1,539                          |
| Other Retirement Contributions-PERS                  | 6,567              | (1,992)             | 4,575           | 4,575     |                                |
| Workmen's Compensation                               | 1,214              |                     | 1,214           | 1,214     |                                |
| Health Benefits                                      | 51,768             | 9,150               | 60,918          | 60,918    |                                |
| Tuition Reimbursement                                | 5,000              | (5,000)             |                 |           |                                |
| Total  | 66,258             | 5,150               | 71,408          | 69,869    | 1,539                          |
| Other Instructional Programs:                        |                    |                     |                 |           |                                |
| Social Security Contributions                        | 1,195              |                     | 1,195           | 1,195     |                                |
| Total  | 1,195              | -                   | 1,195           | 1,195     | -                              |
| Health Services:                                     |                    |                     |                 |           |                                |
| Health Benefits                                      | 19,076             | (9,506)             | 9,570           | 6,734     | 2,836                          |
| Total  | 19,076             | (9,506)             | 9,570           | 6,734     | 2,836                          |

MILFORD BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual   | Variance<br>Final<br>to Actual |
|--|--------------------|---------------------|-----------------|----------|--------------------------------|
| EXPENDITURES (Cont'd)                            |                    |                     |                 |          |                                |
| Current: (cont'd)                                |                    |                     |                 |          |                                |
| Allocated Benefits-Employee: (cont'd)            |                    |                     |                 |          |                                |
| Other Support Services-Child Study Team:         |                    |                     |                 |          |                                |
| Social Security Contributions                    | \$ 2,661           | \$ 4,000            | \$ 6,661        | \$ 6,624 | \$ 37                          |
| Other Retirement Contributions-PERS              | 3,120              |                     | 3,120           | 3,120    |                                |
| Workmen's Compensation                           | 827                |                     | 827             | 827      |                                |
| Health Benefits                                  | 8,620              | (6,040)             | 2,580           | 2,547    | 33                             |
| Total  | 15,228             | (2,040)             | 13,188          | 13,118   | 70                             |
| Support Services-School Administration:          |                    |                     |                 |          |                                |
| Social Security Contributions                    | 935                | 2,500               | 3,435           | 2,474    | 961                            |
| Other Retirement Contributions-PERS              | 724                | -                   | 724             | 724      |                                |
| Health Benefits                                  | 5,396              | (1,750)             | 3,646           |          | 3,646                          |
| Total  | 7,055              | 750                 | 7,805           | 3,198    | 4,607                          |
| Central Services:                                |                    |                     |                 |          |                                |
| Social Security Contributions                    | 208                | 323                 | 531             | 531      |                                |
| Other Retirement Contributions-PERS              | 613                |                     | 613             | 613      |                                |
| Workmen's Compensation                           | 287                |                     | 287             | 287      |                                |
| Health Benefits                                  | 2,114              | (323)               | 1,791           |          | 1,791                          |
| Total  | 3,222              | -                   | 3,222           | 1,431    | 1,791                          |
| Other Operation & Maintenance of Plant Services: |                    |                     |                 |          |                                |
| Social Security Contributions                    | 9,143              |                     | 9,143           | 9,143    |                                |
| Other Retirement Contributions-PERS              | 2,538              |                     | 2,538           | 2,538    |                                |
| Workmen's Compensation                           | 3,323              |                     | 3,323           | 3,323    |                                |
| Health Benefits                                  | 19,621             | (19,621)            |                 |          |                                |
| Total  | 34,625             | (19,621)            | 15,004          | 15,004   | -                              |
| Student Transportation Services:                 |                    |                     |                 |          |                                |
| Social Security Contributions                    | 3,030              | 700                 | 3,730           | 3,730    |                                |
| Other Retirement Contributions-PERS              | 7,159              |                     | 7,159           | 1,593    | 5,566                          |
| Workmen's Compensation                           | 3,201              |                     | 3,201           | 2,331    | 870                            |
| Health Benefits                                  | 10,060             | (550)               | 9,510           | 9,510    |                                |
| Total  | 23,450             | 150                 | 23,600          | 17,164   | 6,436                          |
| Total Allocated Benefits                         | 304,022            | (29,084)            | 274,938         | 257,048  | 17,890                         |
| Unallocated Benefits:                            |                    |                     |                 |          |                                |
| Other Employee Benefits                          | -                  | 550                 | 550             | 286      | 264                            |
| Total Unallocated Benefits                       | -                  | 550                 | 550             | 286      | 264                            |

MILFORD BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final<br>to Actual |
|--|--------------------|---------------------|-----------------|--------------|--------------------------------|
| EXPENDITURES (Cont'd)  |                    |                     |                 |              |                                |
| Current: (cont'd)  |                    |                     |                 |              |                                |
| Food Services:   |                    |                     |                 |              |                                |
| Transfer to Cover Deficit-(Enterprise Fund)  | \$ 13,785          | \$ (5,785)          | \$ 8,000        |              | \$ 8,000                       |
| Total  | 13,785             | (5,785)             | 8,000           | \$ -         | 8,000                          |
| On-Behalf TPAF Pension Contributions   |                    |                     |                 | 32,989       | (32,989)                       |
| On-Behalf TPAF Post Retirement Medical Benefits  |                    |                     |                 | 54,090       | (54,090)                       |
| Reimbursed TPAF Social Security Contribution   |                    |                     |                 | 52,359       | (52,359)                       |
| Total  | -                  | -                   | -               | 139,438      | (139,438)                      |
| Total Undistributed Expenditures   | \$ 1,208,881       | \$ 56,403           | \$ 1,265,284    | \$ 1,289,449 | \$ (24,165)                    |
| TOTAL CURRENT  | \$ 2,180,592       | \$ 14,787           | \$ 2,195,379    | \$ 2,207,156 | \$ (11,777)                    |
| CAPITAL OUTLAY   |                    |                     |                 |              |                                |
| Undistributed Expenditures-General Administration  | \$ 50              |                     | \$ 50           |              | \$ 50                          |
| Facilities Acquisition and Construction Services:  |                    |                     |                 |              |                                |
| Architectural/Engineering Services   | 5,000              |                     | 5,000           | \$ 4,865     | 135                            |
| Construction Services  | 45,000             |                     | 45,000          | 31,325       | 13,675                         |
| Assessment for Debt Service on SDA Funding   | 1,825              |                     | 1,825           | 1,825        |                                |
| TOTAL CAPITAL OUTLAY   | \$ 51,875          | \$ -                | \$ 51,875       | \$ 38,015    | \$ 13,860                      |
| TOTAL EXPENDITURES   | \$ 2,232,467       | \$ 14,787           | \$ 2,247,254    | \$ 2,245,171 | \$ 2,083                       |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures   | \$ (129,568)       | \$ (14,787)         | \$ (144,355)    | \$ 34,850    | \$ 179,205                     |
| Other Financing Sources (Uses):  |                    |                     |                 |              |                                |
| Operating Transfer Out-Cafeteria   |                    | (5,785)             | (5,785)         | (5,785)      |                                |
| Operating Transfer Out-Capital Reserve   |                    | (46,022)            | (46,022)        | (46,022)     |                                |
| Operating Transfer Out-Unemployment Comp   |                    | (5,000)             | (5,000)         | (5,000)      |                                |
| Total Other Financing Sources (Uses)   | -                  | (56,807)            | (56,807)        | (56,807)     | -                              |
| Excess (Deficiency) of Revenues & Other<br>Financing Sources Over (Under)<br>Expenditures & Other Financing Uses | (129,568)          | (71,594)            | (201,162)       | (21,957)     | 179,205                        |
| Fund Balances, July 1  | 476,340            | -                   | 476,340         | 476,340      | -                              |
| Fund Balances, June 30   | \$ 346,772         | \$ (71,594)         | \$ 275,178      | \$ 454,383   | \$ 179,205                     |
| Recapitulation of Excess (Deficiency) of<br>Revenues Over (Under) Expenditures                                   |                    |                     |                 |              |                                |
| Adjustment for Prior Year Encumbrances   | \$ (126,095)       |                     | \$ (126,095)    | \$ (126,095) |                                |
| Increase in Capital Reserve  |                    | \$ 75,000           | 75,000          | 75,000       |                                |
| Withdrawal from Capital Reserve  |                    | (46,022)            | (46,022)        | (46,022)     |                                |
| Increase in Maintenance Reserve  |                    | 15,000              | 15,000          | 15,000       |                                |
| Increase in Emergency Reserve  |                    | 60,000              | 60,000          | 60,000       |                                |
| Budgeted Fund Balance  | (3,473)            | (175,572)           | (179,045)       | 160          | \$ 179,205                     |
| TOTAL  | \$ (129,568)       | \$ (71,594)         | \$ (201,162)    | \$ (21,957)  | \$ 179,205                     |
| RECAPITULATION OF FUND BALANCE   |                    |                     |                 |              |                                |
| Committed Fund Balance:  |                    |                     |                 |              |                                |
| Capital Reserve  |                    |                     |                 | \$ 148,978   |                                |
| Maintenance Reserve  |                    |                     |                 | 15,000       |                                |
| Emergency Reserve  |                    |                     |                 | 60,000       |                                |
| Assigned Fund Balance:   |                    |                     |                 |              |                                |
| Year-End Encumbrances  |                    |                     |                 | 9,105        |                                |
| Designated for Subsequent Year's Expenditures  |                    |                     |                 | 18,425       |                                |
| Unassigned Fund Balance  |                    |                     |                 | 202,875      |                                |
|  |                    |                     |                 | 454,383      |                                |
| Reconciliation to Governmental Statements (GAAP):  |                    |                     |                 |              |                                |
| Last State Aid Payments not Recognized on GAAP Basis   |                    |                     |                 | (30,787)     |                                |
| Fund Balance Per Governmental Funds (GAAP)   |                    |                     |                 | \$ 423,596   |                                |

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, 2014

(NOT APPLICABLE TO THIS REPORT)

MILFORD BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|                              | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to<br>Actual |
|------------------------------|--------------------|---------------------|------------------|------------------|--------------------------------|
| REVENUES                     |                    |                     |                  |                  |                                |
| Federal Sources              | \$ 59,461          | \$ 11,761           | \$ 71,222        | \$ 68,965        | \$ (2,257)                     |
| TOTAL REVENUES               | <u>\$ 59,461</u>   | <u>\$ 11,761</u>    | <u>\$ 71,222</u> | <u>\$ 68,965</u> | <u>\$ (2,257)</u>              |
| EXPENDITURES                 |                    |                     |                  |                  |                                |
| Instruction:                 |                    |                     |                  |                  |                                |
| Salaries                     | \$ 4,390           |                     | \$ 4,390         | \$ 4,390         |                                |
| Other Purchased Services     | 550                |                     | 550              | 550              |                                |
| Supplies & Materials         | 23,313             | \$ 745              | 24,058           | 23,476           | \$ 582                         |
| Total                        | <u>28,253</u>      | <u>745</u>          | <u>28,998</u>    | <u>28,416</u>    | <u>582</u>                     |
| Support Services:            |                    |                     |                  |                  |                                |
| Employee Benefits            | 339                |                     | 339              | 339              |                                |
| Purchased Technical Services |                    | 11,762              | 11,762           | 11,762           |                                |
| Tuition                      | 28,146             |                     | 28,146           | 28,146           |                                |
| Other Purchased Services     | 2,723              | (746)               | 1,977            | 302              | 1,675                          |
| Total                        | <u>31,208</u>      | <u>11,016</u>       | <u>42,224</u>    | <u>40,549</u>    | <u>1,675</u>                   |
| TOTAL EXPENDITURES           | <u>\$ 59,461</u>   | <u>\$ 11,761</u>    | <u>\$ 71,222</u> | <u>\$ 68,965</u> | <u>\$ 2,257</u>                |

**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**

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

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

|   | General<br>Fund             | Special<br>Revenue<br>Fund  |
|---|-----------------------------|-----------------------------|
|   | <u>                    </u> | <u>                    </u> |
| <u>Sources/Inflows of Resources</u>   |                             |                             |
| Actual amounts (budgetary) "revenues" from the budgetary comparison schedules   | \$ 2,280,021                | \$ 68,965                   |
| 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   |                             | 747                         |
| Outstanding Encumbrances Current Year   |                             | (223)                       |
| 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   | 26,398                      |                             |
| State Aid Receivable Current Year   | <u>(30,787)</u>             |                             |
| Total Revenues (GAAP Basis)   | <u>\$ 2,275,632</u>         | <u>\$ 69,489</u>            |
| <u>Uses/Outflows of Resources</u>   |                             |                             |
| Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule  | \$ 2,245,171                | \$ 68,965                   |
| 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   |                             | 747                         |
| Outstanding Encumbrances Current Year   |                             | <u>(223)</u>                |
| Total Expenditures (GAAP Basis)   | <u>\$ 2,245,171</u>         | <u>\$ 69,489</u>            |

**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, 2014

|                              | Race to<br>the Top | NCLB<br>Title IA | NCLB<br>Title IIA | IDEA<br>Pre School | IDEA<br>Basic    | REAP             | Total<br>2014    |
|------------------------------|--------------------|------------------|-------------------|--------------------|------------------|------------------|------------------|
| <b>REVENUES</b>              |                    |                  |                   |                    |                  |                  |                  |
| Federal Sources              | \$ 498             | \$ 8,517         | \$ 302            | \$ 2,156           | \$ 28,146        | \$ 29,346        | \$ 68,965        |
| <b>TOTAL REVENUES</b>        | <b>\$ 498</b>      | <b>\$ 8,517</b>  | <b>\$ 302</b>     | <b>\$ 2,156</b>    | <b>\$ 28,146</b> | <b>\$ 29,346</b> | <b>\$ 68,965</b> |
| <b>EXPENDITURES</b>          |                    |                  |                   |                    |                  |                  |                  |
| Instruction:                 |                    |                  |                   |                    |                  |                  |                  |
| Salaries                     |                    | \$ 4,390         |                   |                    |                  |                  | \$ 4,390         |
| Other Purchased Services     |                    |                  |                   |                    |                  | \$ 550           | 550              |
| Supplies & Materials         | \$ 498             | 3,788            |                   | \$ 2,156           |                  | 17,034           | 23,476           |
| Totals                       | 498                | 8,178            | \$ -              | 2,156              | \$ -             | 17,584           | 28,416           |
| Support Services:            |                    |                  |                   |                    |                  |                  |                  |
| Employee Benefits            |                    | 339              |                   |                    |                  |                  | 339              |
| Purchased Technical Services |                    |                  |                   |                    |                  | 11,762           | 11,762           |
| Tuition                      |                    |                  |                   |                    | 28,146           |                  | 28,146           |
| Other Purchased Services     |                    |                  | 302               |                    |                  |                  | 302              |
| Totals                       | -                  | 339              | 302               | -                  | 28,146           | 11,762           | 40,549           |
| <b>TOTAL EXPENDITURES</b>    | <b>\$ 498</b>      | <b>\$ 8,517</b>  | <b>\$ 302</b>     | <b>\$ 2,156</b>    | <b>\$ 28,146</b> | <b>\$ 29,346</b> | <b>\$ 68,965</b> |

## **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, 2014

|  |                 |
|--|-----------------|
| Revenues and Other Financing Sources:  |                 |
| State Sources:   |                 |
| Grants Deobligated   | \$ (7,320)      |
| Total Revenues   | <u>(7,320)</u>  |
| Other Financing Sources (Uses):  |                 |
| Operating Transfer In-Capital Reserve Fund   | 46,022          |
| Operating Transfer Out-Debt Service Fund-Unexpended Balances   | (1,540)         |
| Operating Transfer Out-Debt Service Fund-Interest Income   | (647)           |
| Prior Year Interest Income Canceled  | (237)           |
| Total Other Financing Sources (Uses):  | <u>43,598</u>   |
| Excess (Deficiency) of Revenues & Other Financing<br>Sources Over (Under) Expenditures & Other<br>Financing Uses | 36,278          |
| Fund Balance-Beginning   | <u>(36,278)</u> |
| Fund Balance-Ending  | <u>\$ -</u>     |

MILFORD BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS-BUDGETARY BASIS-HEALTH AND SAFETY IMPROVEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|  | Prior<br>Periods | Current<br>Year   | Totals         | Revised<br>Authorized<br>Cost |
|--|------------------|-------------------|----------------|-------------------------------|
| Revenues and Other Financing Sources:                        |                  |                   |                |                               |
| State Sources-NJSDA Grant                                    | \$ 320,000       | \$ (1,116)        | \$ 318,884     | \$ 318,883                    |
| Local Sources:   |                  |                   |                |                               |
| Bond Proceeds  | 480,000          |                   | 480,000        | 480,000                       |
| Total Revenues   | <u>800,000</u>   | <u>(1,116)</u>    | <u>798,884</u> | <u>798,883</u>                |
| Expenditures and Other Financing Uses:                       |                  |                   |                |                               |
| Architect  | 78,664           |                   | 78,664         |                               |
| Advertising  | 1,585            |                   | 1,585          |                               |
| 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        |                               |
| Masonry  | 26,000           |                   | 26,000         |                               |
| Flooring   | 3,755            |                   | 3,755          |                               |
| Other Construction:  |                  |                   |                |                               |
| Electrical Other   | 17,248           |                   | 17,248         |                               |
| Window and Door Replacement                                  | 91,418           |                   | 91,418         |                               |
| Asbestos   | 7,145            |                   | 7,145          |                               |
| Transfer to Debt Service Fund                                |                  | 1,540             | 1,540          |                               |
| Total Expenditures   | <u>797,344</u>   | <u>1,540</u>      | <u>798,884</u> | <u>798,883</u>                |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>\$ 2,656</u>  | <u>\$ (2,656)</u> | <u>\$ -</u>    | <u>\$ -</u>                   |

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        | 100.00%             |

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, 2014

|  | Prior<br>Periods   | Current<br>Year  | Totals        | Revised<br>Authorized<br>Cost |
|--|--------------------|------------------|---------------|-------------------------------|
| Revenues and Other Financing Sources:                        |                    |                  |               |                               |
| State Sources-NJSDA Grant                                    | \$ 30,000          | \$ (5,561)       | \$ 24,439     | \$ 24,439                     |
| Local Sources:   |                    |                  |               |                               |
| Capital Reserve Funds  |                    | 35,227           | 35,227        | 35,227                        |
| Total Revenues   | <u>30,000</u>      | <u>29,666</u>    | <u>59,666</u> | <u>59,666</u>                 |
| Expenditures and Other Financing Uses:                       |                    |                  |               |                               |
| Architect  | 4,630              |                  | 4,630         |                               |
| Advertising  | 479                |                  | 479           |                               |
| Legal Fees   | 1,925              |                  | 1,925         |                               |
| Construction   | 52,632             |                  | 52,632        |                               |
| Total Expenditures   | <u>59,666</u>      | <u>-</u>         | <u>59,666</u> | <u>59,666</u>                 |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>\$ (29,666)</u> | <u>\$ 29,666</u> | <u>\$ -</u>   | <u>\$ -</u>                   |

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        | 100.00%          |

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, 2014

|  | Prior<br>Periods   | Current<br>Year  | Totals        | Revised<br>Authorized<br>Cost |
|--|--------------------|------------------|---------------|-------------------------------|
| Revenues and Other Financing Sources:                        |                    |                  |               |                               |
| State Sources-NJSDA Grant                                    | \$ 7,840           | \$ (643)         | \$ 7,197      | \$ 7,197                      |
| Local Sources:   |                    |                  |               |                               |
| Capital Reserve Funds  |                    | 10,795           | 10,795        | 10,795                        |
| Total Revenues   | <u>7,840</u>       | <u>10,152</u>    | <u>17,992</u> | <u>17,992</u>                 |
| Expenditures and Other Financing Uses:                       |                    |                  |               |                               |
| Architect  | 792                |                  | 792           |                               |
| Project Expenditures:  |                    |                  |               |                               |
| Windows  | 17,200             |                  | 17,200        |                               |
| Total Expenditures   | <u>17,992</u>      | <u>-</u>         | <u>17,992</u> | <u>17,992</u>                 |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>\$ (10,152)</u> | <u>\$ 10,152</u> | <u>\$ -</u>   | <u>\$ -</u>                   |

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        | 100.00%          |

## **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 POSITION  
FOOD SERVICE ENTERPRISE FUND  
JUNE 30, 2014

ASSETS

Current Assets:

|                                     |               |
|-------------------------------------|---------------|
| Cash & Cash Equivalents             | \$ 18,014     |
| Receivables from Other Governments: |               |
| State                               | 43            |
| Federal                             | 462           |
| Due from Other Funds:               |               |
| General Fund                        | 721           |
| Inventory                           | 675           |
| Total Current Assets                | <u>19,915</u> |

Noncurrent Assets:

|                                |               |
|--------------------------------|---------------|
| Capital Assets                 | 22,915        |
| Less: Accumulated Depreciation | <u>17,896</u> |
| Total Noncurrent Assets        | <u>5,019</u>  |

|              |               |
|--------------|---------------|
| Total Assets | <u>24,934</u> |
|--------------|---------------|

LIABILITIES

Current Liabilities:

|                   |            |
|-------------------|------------|
| Unearned Revenues | <u>675</u> |
| Total Liabilities | <u>675</u> |

NET POSITION

|                                  |               |
|----------------------------------|---------------|
| Net Investment in Capital Assets | 5,019         |
| Unrestricted                     | <u>19,240</u> |

|                    |                  |
|--------------------|------------------|
| TOTAL NET POSITION | <u>\$ 24,259</u> |
|--------------------|------------------|

MILFORD BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUES EXPENSES, AND  
CHANGES IN FUND NET POSITION  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|  |                  |
|--|------------------|
| Operating Revenues:                    |                  |
| Charges for Services:                  |                  |
| Daily Sales-Reimbursable Programs      | \$ 17,903        |
| Daily Sales-Nonreimbursable Programs   | 2,540            |
| Total Operating Revenues               | <u>20,443</u>    |
| Other Expenses:                        |                  |
| Costs of Sales                         | 32,094           |
| Salaries                               | 9,487            |
| Employee Benefits                      | 572              |
| Insurance                              | 732              |
| Management Fees                        | 2,000            |
| Other Purchased Services               | 157              |
| Depreciation                           | 588              |
| Total Operating Expenses               | <u>45,630</u>    |
| Operating Income (Loss)                | <u>(25,187)</u>  |
| Nonoperating Revenues (Expenses):      |                  |
| State Sources:                         |                  |
| State School Lunch Program             | 329              |
| Other                                  | 19               |
| Federal Sources:                       |                  |
| National School Lunch Program:         |                  |
| Cash Assistance                        | 6,759            |
| Non-Cash Assistance (Commodities)      | 8,329            |
| Interest Income                        | 1                |
| Total Nonoperating Revenues (Expenses) | <u>15,437</u>    |
| Other Financing Sources:               |                  |
| Operating Transfer In                  | 5,785            |
| Total Other Financing Sources          | <u>5,785</u>     |
| Change in Net Position                 | (3,965)          |
| Net Position, Beginning                | <u>28,224</u>    |
| Net Position, Ending                   | <u>\$ 24,259</u> |

MILFORD BOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|   |                    |
|---|--------------------|
| Cash Flows from Operating Activities:                                       |                    |
| Receipts from Customers   | \$ 20,443          |
| Payments to Food Service Management Co                                      | (9,952)            |
| Payments to Vendors (Net)   | <u>(28,284)</u>    |
| Net Cash Provided by (Used For) Operating Activities                        | <u>(17,793)</u>    |
| Cash Flows from Non-Capital Financing Activities:                           |                    |
| State Sources   | 346                |
| Federal Sources   | 6,611              |
| Interfund Activity:   |                    |
| Capital Projects Fund   | 6,813              |
| General Fund  | 123                |
| Operating Transfer In   | <u>5,785</u>       |
| Net Cash Provided by (Used For) Non-Capital Financing Activities            | <u>19,678</u>      |
| Cash Flows from Investing Activities:                                       |                    |
| Interest Earned on Investments  | <u>1</u>           |
| Net Cash Provided by (Used For) Investing Activities                        | <u>1</u>           |
| Net Increase (Decrease) in Cash and Cash Equivalents                        | 1,886              |
| Cash and Cash Equivalents, Beginning  | <u>16,128</u>      |
| Cash and Cash Equivalents, Ending   | <u>\$ 18,014</u>   |
| Reconciliation of Operating Income (Loss) to Net Cash Provide by (Used For) |                    |
| Operating Activities:   |                    |
| Operating Income (Loss)   | \$ (25,187)        |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by    |                    |
| (Used For) Operating Activities:  |                    |
| Depreciation  | 588                |
| Federal Food Donation Program   | 7,967              |
| (Increase) Decrease in Inventory  | 362                |
| Increase (Decrease) in Accounts Payable                                     | <u>(1,523)</u>     |
| Net Cash Provided by (Used For) Operating Activities                        | <u>\$ (17,793)</u> |

**FIDUCIARY FUND**  
**DETAIL STATEMENTS**

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

MILFORD BOROUGH SCHOOL DISTRICT  
COMBINING STATEMENT OF FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
JUNE 30,2014

|   | Unemployment<br>Compensation<br>Fund | Student<br>Activity<br>Agency<br>Fund | Payroll<br>Agency Fund | Totals                  |
|---|--------------------------------------|---------------------------------------|------------------------|-------------------------|
| <b>ASSETS</b>   |                                      |                                       |                        |                         |
| Cash & Cash Equivalents                                   | \$ 33,909                            | \$ 11,378                             | \$ 18,801              | \$ 64,088               |
| Total Assets  | <u>33,909</u>                        | <u>11,378</u>                         | <u>18,801</u>          | <u>64,088</u>           |
| <b>LIABILITIES</b>  |                                      |                                       |                        |                         |
| Due to Other Funds  |                                      |                                       | 1,600                  | 1,600                   |
| Due to Student Groups                                     |                                      | 11,378                                |                        | 11,378                  |
| Payroll Deductions & Withholdings                         |                                      |                                       | 17,201                 | 17,201                  |
| Total Liabilities   | <u>-</u>                             | <u>11,378</u>                         | <u>18,801</u>          | <u>30,179</u>           |
| <b>NET POSITION</b>                                       |                                      |                                       |                        |                         |
| Held in Trust for Unemployment<br>Claims & Other Purposes | <u>33,909</u>                        | <u>-</u>                              | <u>-</u>               | <u>33,909</u>           |
| <b>TOTAL NET POSITION</b>                                 | <u><u>\$ 33,909</u></u>              | <u><u>\$ -</u></u>                    | <u><u>\$ -</u></u>     | <u><u>\$ 33,909</u></u> |

MILFORD BOROUGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|                                     | <u>Unemployment<br/>Compensation<br/>Fund</u> |
|-------------------------------------|---|
| ADDITIONS                           |   |
| Contributions:                      |   |
| Plan Members                        | \$ 2,075                                      |
| Investment Earnings-Interest        | <u>14</u>                                     |
| Total Additions                     | 2,089   |
| DEDUCTIONS                          |   |
| Unemployment Claims                 | <u>1,650</u>                                  |
|                                     | 439   |
| Other Financing Sources:            |   |
| Transfers in from General Fund      | <u>5,000</u>                                  |
| Change in Net Position              | 5,439   |
| Net Position, Beginning of the Year | <u>28,470</u>                                 |
| Net Position, End of the Year       | <u><u>\$ 33,909</u></u>                       |

MILFORD BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|   | Balance<br>07/01/13 | Additions       | Deletions        | Balance<br>06/30/14 |
|---|---------------------|-----------------|------------------|---------------------|
| ASSETS                                    |                     |                 |                  |                     |
| Cash and Cash Equivalents                 | \$ 17,941           | \$ 9,627        | \$ 16,190        | \$ 11,378           |
| TOTAL ASSETS                              | <u>\$ 17,941</u>    | <u>\$ 9,627</u> | <u>\$ 16,190</u> | <u>\$ 11,378</u>    |
| LIABILITIES                               |                     |                 |                  |                     |
| Due to Students Groups<br>Student Council | \$ 17,675<br>266    | \$ 9,627        | \$ 15,924<br>266 | \$ 11,378           |
| TOTAL LIABILITIES                         | <u>\$ 17,941</u>    | <u>\$ 9,627</u> | <u>\$ 16,190</u> | <u>\$ 11,378</u>    |

MILFORD BOROUGH SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|                                  | Balance<br>07/01/13 | Additions           | Deletions           | Balance<br>06/30/14 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| ASSETS                           |                     |                     |                     |                     |
| Cash and Cash Equivalents        | \$ 9,643            | \$ 1,275,965        | \$ 1,266,807        | \$ 18,801           |
| TOTAL ASSETS                     | <u>\$ 9,643</u>     | <u>\$ 1,275,965</u> | <u>\$ 1,266,807</u> | <u>\$ 18,801</u>    |
| LIABILITIES                      |                     |                     |                     |                     |
| Due to Other Funds               | \$ 1,000            | \$ 600              |                     | \$ 1,600            |
| Payroll Deductions & Withholding | 2,172               | 584,121             | \$ 578,301          | 7,992               |
| Summer Pay                       | 1                   | 19,719              | 19,720              |                     |
| Net Payroll                      | <u>6,470</u>        | <u>671,525</u>      | <u>668,786</u>      | <u>9,209</u>        |
| TOTAL LIABILITIES                | <u>\$ 9,643</u>     | <u>\$ 1,275,965</u> | <u>\$ 1,266,807</u> | <u>\$ 18,801</u>    |

## **LONG-TERM DEBT SCHEDULES**

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

MILFORD BOROUGH SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS & LOANS PAYABLE  
 JUNE 30, 2014

| Issue       | Date of Issue | Amount of Issue | Annual Maturities |           | Interest Rate | Balance 07/01/13  | Issued      | Retired          | Balance 06/30/14  |
|-------------|---------------|-----------------|-------------------|-----------|---------------|-------------------|-------------|------------------|-------------------|
|             |               |                 | Date              | Amount    |               |                   |             |                  |                   |
| Series 1993 | 8/18/1993     | \$ 25,000       |                   |           | 1.500%        | \$ 212            |             | \$ 212           |                   |
| Series 2009 | 7/15/2009     | 480,000         | 7/15/2014         | \$ 30,000 | 4.000%        |                   |             |                  |                   |
|             |               |                 | 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    |               |                   |             |                  |                   |
|             |               |                 |                   |           |               | 405,000           |             | 30,000           | 375,000           |
|             |               |                 |                   |           |               | <u>\$ 405,212</u> | <u>\$ -</u> | <u>\$ 30,212</u> | <u>\$ 375,000</u> |

MILFORD BOROUGH SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 JUNE 30, 2014

| Issue                       | Interest Rate | Amount of Original Issue | Balance 07/01/13 | Issued Current Year | Retired Current Year | Balance 06/30/14 |
|-----------------------------|---------------|--------------------------|------------------|---------------------|----------------------|------------------|
| Acquisition of a School Bus | 4.35%         | \$ 50,000                | \$ 21,285        |                     | \$ 10,416            | \$ 10,869        |
|                             |               |                          | <u>\$ 21,285</u> | <u>\$ -</u>         | <u>\$ 10,416</u>     | <u>\$ 10,869</u> |

MILFORD BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual    | Variance<br>Final to<br>Actual |
|---|--------------------|---------------------|-----------------|-----------|--------------------------------|
| REVENUES  |                    |                     |                 |           |                                |
| Local Sources:  |                    |                     |                 |           |                                |
| Local Tax Levy  | \$ 49,653          |                     | \$ 49,653       | \$ 49,653 |                                |
| State Sources:  |                    |                     |                 |           |                                |
| Debt Service Aid  | 40                 |                     | 40              | 40        |                                |
| Total Revenues  | 49,693             | \$ -                | 49,693          | 49,693    | \$ -                           |
| EXPENDITURES  |                    |                     |                 |           |                                |
| Regular Debt Service:   |                    |                     |                 |           |                                |
| Interest  | 19,483             | (2)                 | 19,481          | 19,481    |                                |
| Redemption of Principal   | 30,210             | 2                   | 30,212          | 30,212    |                                |
| Total Expenditures  | 49,693             | -                   | 49,693          | 49,693    | -                              |
| Excess (Deficiency) of Revenues Over (Under) Expenditures   | -                  | -                   | -               | -         | -                              |
| Other Financing Sources (Uses):   |                    |                     |                 |           |                                |
| Operating Transfer In;  |                    |                     |                 |           |                                |
| Capital Projects Fund-Unexpended Balances   |                    |                     |                 | 1,540     | 1,540                          |
| Capital Projects Fund-Interest Income   |                    |                     |                 | 647       | 647                            |
| Total Other Financing Sources (Uses)  | -                  | -                   | -               | 2,187     | 2,187                          |
| Excess (Deficiency) of Revenues and Other Financing Sources<br>Over (Under) Expenditures and Other Financing Uses | -                  | -                   | -               | 2,187     | 2,187                          |
| Fund Balance, July 1  | -                  | -                   | -               | -         | -                              |
| Fund Balance, June 30   | \$ -               | \$ -                | \$ -            | \$ 2,187  | \$ 2,187                       |

**STATISTICAL SECTION**

MILFORD BOROUGH SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

| CONTENTS   | PAGE         |
|--|--------------|
| <b>FINANCIAL TRENDS</b>  |              |
| 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   |
| <b>REVENUE CAPACITY</b>  |              |
| 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   |
| <b>DEBT CAPACITY</b>   |              |
| 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 |
| <b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>  |              |
| 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 |
| <b>OPERATING INFORMATION</b>   |              |
| 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.

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

|   | Fiscal Year Ending June 30, |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2005                        | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              |
| <b>GOVERNMENT ACTIVITIES</b>                    |                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Net Investment in Capital Assets                | \$ 25,764                   | \$ 22,502         | \$ 76,236         | \$ 66,694         | \$ 75,933         | \$ 238,477        | \$ 352,635        | \$ 367,969        | \$ 438,675        | \$ 485,534        |
| Restricted                                      | 276,691                     | 223,167           | 90,624            | 112,917           | 94,297            | 16,100            | 13,815            | 215,520           | 83,722            | 226,165           |
| Unrestricted                                    | 91,928                      | 79,054            | 123,583           | 193,559           | 213,698           | 227,570           | 202,965           | 272,105           | 289,262           | 131,477           |
| <b>TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS</b> | <b>\$ 394,383</b>           | <b>\$ 324,723</b> | <b>\$ 290,443</b> | <b>\$ 373,170</b> | <b>\$ 383,928</b> | <b>\$ 482,147</b> | <b>\$ 569,415</b> | <b>\$ 855,594</b> | <b>\$ 811,659</b> | <b>\$ 843,176</b> |
| <b>BUSINESS-TYPE ACTIVITIES</b>                 |                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Net Investment in Capital Assets                | \$ 4,365                    | \$ 3,545          | \$ 2,725          | \$ 1,905          | \$ 1,174          | \$ 443            | \$ 4,368          | \$ 6,196          | \$ 5,607          | \$ 5,019          |
| Unrestricted                                    | 4,860                       | 15,392            | 20,725            | 22,966            | 15,693            | 10,686            | 6,326             | 11,087            | 22,617            | 19,240            |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>           | <b>\$ 9,225</b>             | <b>\$ 18,937</b>  | <b>\$ 23,450</b>  | <b>\$ 24,871</b>  | <b>\$ 16,867</b>  | <b>\$ 11,129</b>  | <b>\$ 10,694</b>  | <b>\$ 17,283</b>  | <b>\$ 28,224</b>  | <b>\$ 24,259</b>  |
| <b>DISTRICT-WIDE</b>                            |                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Net Investment in Capital Assets                | \$ 30,129                   | \$ 26,047         | \$ 78,961         | \$ 68,599         | \$ 77,107         | \$ 238,920        | \$ 357,003        | \$ 374,165        | \$ 444,282        | \$ 490,553        |
| Restricted                                      | 276,691                     | 223,167           | 90,624            | 112,917           | 94,297            | 16,100            | 13,815            | 215,520           | 83,722            | 226,165           |
| Unrestricted                                    | 96,788                      | 94,446            | 144,308           | 216,525           | 229,391           | 238,256           | 209,291           | 283,192           | 311,879           | 150,717           |
| <b>TOTAL DISTRICT-WIDE</b>                      | <b>\$ 403,608</b>           | <b>\$ 343,660</b> | <b>\$ 313,893</b> | <b>\$ 398,041</b> | <b>\$ 400,795</b> | <b>\$ 493,276</b> | <b>\$ 580,109</b> | <b>\$ 872,877</b> | <b>\$ 839,883</b> | <b>\$ 867,435</b> |

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

|  | Fiscal Year Ending June 30, |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|--|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2005                        | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                |
| <b>EXPENSES</b>                            |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental Activities:                   |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Instruction:                               |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Regular                                    | \$ 759,800                  | \$ 824,978          | \$ 858,869          | \$ 750,242          | \$ 834,153          | \$ 805,715          | \$ 802,131          | \$ 848,431          | \$ 930,268          | \$ 960,311          |
| Special Education                          | 317,001                     | 344,401             | 270,582             | 227,044             | 243,347             | 280,703             | 258,421             | 288,379             | 288,298             | 319,513             |
| Other Special Education                    |                             |                     | 1,799               | 12,759              | 16,348              | 2,652               |                     |                     |                     |                     |
| Other Instruction                          | 48,752                      | 25,136              | 17,722              | 14,748              | 15,918              | 14,169              | 18,207              | 21,188              | 23,862              | 33,059              |
| Support Services:                          |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Tuition                                    | 52,057                      | 86,492              | 91,106              | 99,126              | 161,528             | 194,963             | 170,910             | 83,704              | 143,461             | 113,397             |
| Student & Instruction Related Services     | 208,845                     | 293,289             | 304,353             | 321,952             | 372,571             | 382,275             | 384,545             | 390,366             | 402,995             | 402,568             |
| General & Business Administrative Services | 160,462                     | 232,514             | 81,646              | 115,503             | 157,071             | 124,219             | 141,342             | 168,193             | 155,154             | 128,779             |
| School Administration                      | 124,131                     | 67,013              | 111,580             | 98,344              | 40,990              | 43,214              | 43,577              | 48,247              | 51,060              | 42,457              |
| Plant Operations & Maintenance             | 149,884                     | 59,198              | 186,805             | 187,794             | 225,067             | 149,970             | 162,360             | 219,709             | 209,420             | 227,639             |
| Pupil Transportation                       | 50,114                      | 55,214              | 49,061              | 66,109              | 111,737             | 167,303             | 140,387             | 114,722             | 117,450             | 100,701             |
| Other Support Services                     | 641                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Interest on Long-Term Debt                 | 30                          | 27                  | 24                  | 20                  | 17                  | 37,493              | 15,826              | 25,177              | 22,006              | 21,531              |
| Unallocated Depreciation & Amortization    | 588                         | 588                 | 246,824             | 211,398             |                     |                     |                     |                     |                     |                     |
| Total Governmental Activities Expenses     | <u>1,872,305</u>            | <u>1,988,850</u>    | <u>2,220,371</u>    | <u>2,105,039</u>    | <u>2,178,747</u>    | <u>2,202,676</u>    | <u>2,137,706</u>    | <u>2,208,116</u>    | <u>2,343,974</u>    | <u>2,349,955</u>    |
| Business-Type Activities:                  |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Food Services                              | 40,823                      | 43,795              | 37,390              | 39,420              | 42,999              | 35,437              | 34,277              | 42,667              | 43,705              | 45,630              |
| Total Business-Type Activities             | <u>40,823</u>               | <u>43,795</u>       | <u>37,390</u>       | <u>39,420</u>       | <u>42,999</u>       | <u>35,437</u>       | <u>34,277</u>       | <u>42,667</u>       | <u>43,705</u>       | <u>45,630</u>       |
| <b>TOTAL DISTRICT EXPENSES</b>             | <u>\$ 1,913,128</u>         | <u>\$ 2,032,645</u> | <u>\$ 2,257,761</u> | <u>\$ 2,144,459</u> | <u>\$ 2,221,746</u> | <u>\$ 2,238,113</u> | <u>\$ 2,171,983</u> | <u>\$ 2,250,783</u> | <u>\$ 2,387,679</u> | <u>\$ 2,395,585</u> |

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

|   | Fiscal Year Ending June 30, |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2005                        | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  |
| <b>PROGRAM REVENUES</b>                                     |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities:                                    |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for Services  |                             |                       | \$ 12,455             | \$ 16,604             | \$ 59,931             | \$ 35,265             | \$ 60,596             | \$ 49,808             | \$ 51,035             | \$ 51,227             |
| Operating Grants & Contributions                            | \$ 169,756                  | \$ 169,719            | 85,387                | 60,843                | 54,856                | 57,692                | 73,753                | 49,248                | 61,709                | 69,489                |
| Total Governmental Activities Program Revenues              | 169,756                     | 169,719               | 97,842                | 77,447                | 114,787               | 92,957                | 134,349               | 99,056                | 112,744               | 120,716               |
| Business-Type Activities:                                   |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for Services:                                       |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Food Service  | 21,392                      | 25,007                | 23,373                | 25,112                | 24,385                | 19,703                | 21,284                | 23,124                | 20,351                | 20,443                |
| Operating Grants & Contributions                            | 5,035                       | 5,376                 | 4,957                 | 3,878                 | 6,706                 | 6,980                 | 7,975                 | 7,722                 | 15,417                | 15,436                |
| Total Business-Type Activities Program Revenues             | 26,427                      | 30,383                | 28,330                | 28,990                | 31,091                | 26,683                | 29,259                | 30,846                | 35,768                | 35,879                |
| <b>TOTAL DISTRICT-PROGRAM REVENUES</b>                      | <b>\$ 196,183</b>           | <b>\$ 200,102</b>     | <b>\$ 126,172</b>     | <b>\$ 106,437</b>     | <b>\$ 145,878</b>     | <b>\$ 119,640</b>     | <b>\$ 163,608</b>     | <b>\$ 129,902</b>     | <b>\$ 148,512</b>     | <b>\$ 156,595</b>     |
| <b>NET (EXPENSE) REVENUES</b>                               |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities                                     | \$ (1,702,549)              | \$ (1,819,131)        | \$ (2,122,529)        | \$ (2,027,592)        | \$ (2,063,960)        | \$ (2,109,719)        | \$ (2,003,357)        | \$ (2,109,060)        | \$ (2,231,230)        | \$ (2,229,239)        |
| Business-Type Activities                                    | (14,396)                    | (13,412)              | (9,060)               | (10,430)              | (11,908)              | (8,754)               | (5,018)               | (11,821)              | (7,937)               | (9,751)               |
| <b>TOTAL DISTRICT-WIDE NET EXPENSES</b>                     | <b>\$ (1,716,945)</b>       | <b>\$ (1,832,543)</b> | <b>\$ (2,131,589)</b> | <b>\$ (2,038,022)</b> | <b>\$ (2,075,868)</b> | <b>\$ (2,118,473)</b> | <b>\$ (2,008,375)</b> | <b>\$ (2,120,881)</b> | <b>\$ (2,239,167)</b> | <b>\$ (2,238,990)</b> |
| <b>GENERAL REVENUES &amp; OTHER CHANGES IN NET POSITION</b> |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities:                                    |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Property Taxes Levied for General Purposes, Net             | \$ 1,393,553                | \$ 1,393,516          | \$ 1,488,610          | \$ 1,561,780          | \$ 1,594,534          | \$ 1,650,851          | \$ 1,693,885          | \$ 1,690,000          | \$ 1,722,955          | \$ 1,753,938          |
| Property Taxes Levied for Debt Service                      | 188                         | 186                   | 182                   | 180                   | 178                   | 10,976                | 47,761                | 46,759                | 45,748                | 49,653                |
| Unrestricted Grants & Contributions                         | 312,867                     | 379,818               | 538,857               | 511,988               | 425,095               | 434,125               | 342,642               | 415,287               | 448,413               | 458,581               |
| Capital Grants-Unallocated                                  |                             |                       |                       |                       | 33,600                | 96,000                |                       | 228,240               |                       |                       |
| Investment Earnings   | 960                         | 910                   |                       |                       | 5,120                 | 2,486                 | 462                   | 237                   | 122                   | 203                   |
| Miscellaneous Income  | 989                         | 637                   | 11,882                | 46,668                | 20,083                | 16,500                | 10,455                | 12,412                | 9,645                 | 11,723                |
| Grant Funds Deobligated                                     |                             |                       |                       |                       |                       |                       |                       |                       |                       | (7,320)               |
| Prior Year Adjustment-Capital Projects Interest Income      |                             |                       |                       |                       |                       |                       |                       |                       |                       | (237)                 |
| Operating Transfer  | (17,512)                    | (23,119)              | (13,558)              | (10,295)              | (3,891)               | (3,000)               | (4,580)               | (18,407)              | (18,877)              | (5,785)               |
| Total Governmental Activities                               | 1,691,045                   | 1,751,948             | 2,025,973             | 2,110,321             | 2,074,719             | 2,207,938             | 2,090,625             | 2,374,528             | 2,208,006             | 2,260,756             |

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

|   | Fiscal Year Ending June 30, |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2005                        | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                |
| GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd) |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Business-Type Activities:                                 |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Investment Earnings                                       | \$ 8                        | \$ 5                | \$ 14               | \$ 26               | \$ 13               | \$ 16               | \$ 3                | \$ 3                | \$ 1                | \$ 1                |
| Transfers   | 17,512                      | 23,119              | 13,558              | 10,295              | 3,891               | 3,000               | 4,580               | 18,407              | 18,877              | 5,785               |
| Total Business-Type Activities                            | <u>17,520</u>               | <u>23,124</u>       | <u>13,572</u>       | <u>10,321</u>       | <u>3,904</u>        | <u>3,016</u>        | <u>4,583</u>        | <u>18,410</u>       | <u>18,878</u>       | <u>5,786</u>        |
| TOTAL DISTRICT-WIDE                                       | <u>\$ 1,708,565</u>         | <u>\$ 1,775,072</u> | <u>\$ 2,039,545</u> | <u>\$ 2,120,642</u> | <u>\$ 2,078,623</u> | <u>\$ 2,210,954</u> | <u>\$ 2,095,208</u> | <u>\$ 2,392,938</u> | <u>\$ 2,226,884</u> | <u>\$ 2,266,542</u> |
| CHANGE IN NET ASSETS                                      |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental Activities                                   | \$ (11,504)                 | \$ (67,183)         | \$ (96,556)         | \$ 82,729           | \$ 10,759           | \$ 98,219           | \$ 87,268           | \$ 265,468          | \$ (23,224)         | \$ 31,517           |
| Business-Type Activities                                  | 3,124                       | 9,712               | 4,512               | (109)               | (8,004)             | (5,738)             | (435)               | 6,589               | 10,941              | (3,965)             |
| TOTAL DISTRICT  | <u>\$ (8,380)</u>           | <u>\$ (57,471)</u>  | <u>\$ (92,044)</u>  | <u>\$ 82,620</u>    | <u>\$ 2,755</u>     | <u>\$ 92,481</u>    | <u>\$ 86,833</u>    | <u>\$ 272,057</u>   | <u>\$ (12,283)</u>  | <u>\$ 27,552</u>    |

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

|                                    | Fiscal Year Ending June 30, |            |            |            |            |             |              |            |             |            |
|------------------------------------|-----------------------------|------------|------------|------------|------------|-------------|--------------|------------|-------------|------------|
|                                    | 2005                        | 2006       | 2007       | 2008       | 2009       | 2010        | 2011         | 2012       | 2013        | 2014       |
| General Fund:                      |                             |            |            |            |            |             |              |            |             |            |
| Restricted                         |                             |            |            |            |            |             |              | \$ 3,473   | \$ 3,473    |            |
| Committed                          |                             |            |            | \$ 1       | \$ 1       | \$ 1        | \$ 45,000    | 45,000     | 120,000     | \$ 223,978 |
| Assigned                           |                             |            |            | 112,920    | 81,016     | 205,396     | 158,252      | 162,026    | 126,095     | 27,530     |
| Unassigned                         |                             |            |            | 221,660    | 241,760    | 149,856     | 209,530      | 259,459    | 200,374     | 172,088    |
| Unallocated                        | \$ 402,149                  | \$ 337,232 | \$ 247,233 |            |            |             |              |            |             |            |
| Total General Fund                 | \$ 402,149                  | \$ 337,232 | \$ 247,233 | \$ 334,581 | \$ 322,777 | \$ 355,253  | \$ 412,782   | \$ 469,958 | \$ 449,942  | \$ 423,596 |
| All Other Governmental Funds:      |                             |            |            |            |            |             |              |            |             |            |
| Restricted, Reported In:           |                             |            |            |            |            |             |              |            |             |            |
| Capital Projects Fund              |                             |            |            |            | \$ 13,283  | \$ (90,175) | \$ (190,318) | \$ 28,222  | \$ (37,162) |            |
| Special Revenue Fund               | \$ (76)                     | \$ (76)    | \$ (76)    | \$ (76)    |            |             |              |            |             |            |
| Assigned, Reported In:             |                             |            |            |            |            |             |              |            |             |            |
| Capital Projects Fund              |                             |            |            |            | 8          | 878         | 881          | 883        | 884         |            |
| Debt Service Fund                  | (2)                         | (1)        | (1)        | (3)        | (3)        |             |              |            |             | \$ 2,187   |
| Total All Other Governmental Funds | \$ (78)                     | \$ (77)    | \$ (77)    | \$ (79)    | \$ 13,288  | \$ (89,297) | \$ (189,437) | \$ 29,105  | \$ (36,278) | \$ 2,187   |

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

|   | Fiscal Year Ending June 30, |                    |                    |                  |                  |                    |                    |                   |                    |                  |
|---|-----------------------------|--------------------|--------------------|------------------|------------------|--------------------|--------------------|-------------------|--------------------|------------------|
|   | 2005                        | 2006               | 2007               | 2008             | 2009             | 2010               | 2011               | 2012              | 2013               | 2014             |
| <b>Revenues:</b>  |                             |                    |                    |                  |                  |                    |                    |                   |                    |                  |
| Tax Levy  | \$ 1,393,741                | \$ 1,393,702       | \$ 1,488,792       | \$ 1,561,960     | \$ 1,594,712     | \$ 1,661,827       | \$ 1,741,646       | \$ 1,736,759      | \$ 1,768,703       | \$ 1,803,591     |
| Tuition Charges   | 960                         | 910                |                    |                  | 49,350           | 35,265             | 56,253             | 46,864            | 49,126             | 46,359           |
| Interest Earnings   | 989                         | 637                |                    |                  | 5,120            | 2,486              | 462                | 237               | 122                | 203              |
| Transportation Fees   |                             |                    | 12,455             | 16,604           |                  |                    |                    |                   |                    |                  |
| Miscellaneous   |                             |                    |                    |                  | 31,485           | 16,500             | 14,798             | 15,356            | 11,554             | 16,591           |
| Miscellaneous-Prior Years                                       | 448,872                     | 486,730            | 11,830             | 48,297           |                  |                    |                    |                   |                    |                  |
| State Sources   | 33,751                      | 62,507             | 544,058            | 512,304          | 426,451          | 407,259            | 342,642            | 404,751           | 448,413            | 458,581          |
| State Sources-Capital Grants                                    |                             |                    |                    |                  | 33,600           | 96,000             |                    | 228,240           |                    | (7,320)          |
| Federal Sources   |                             | 300                | 80,237             | 58,897           | 52,679           | 84,558             | 73,753             | 59,784            | 61,709             | 69,489           |
| <b>Total Revenues</b>   | <b>1,878,313</b>            | <b>1,944,786</b>   | <b>2,137,372</b>   | <b>2,198,062</b> | <b>2,193,397</b> | <b>2,303,895</b>   | <b>2,229,554</b>   | <b>2,491,991</b>  | <b>2,339,627</b>   | <b>2,387,494</b> |
| <b>Expenditures:</b>  |                             |                    |                    |                  |                  |                    |                    |                   |                    |                  |
| <b>Instruction:</b>   |                             |                    |                    |                  |                  |                    |                    |                   |                    |                  |
| Regular Instruction   | 575,373                     | 633,013            | 732,088            | 656,237          | 666,987          | 647,950            | 614,998            | 654,650           | 682,742            | 687,590          |
| Special Education Instruction                                   | 222,614                     | 258,569            | 219,363            | 191,096          | 193,299          | 212,904            | 190,987            | 199,600           | 207,740            | 217,792          |
| Other Special Instruction                                       |                             |                    | 271                | 9,244            | 12,687           | 1,449              |                    | 6,252             | 6,220              | 9,561            |
| Other Instruction   | 30,378                      | 22,022             | 15,510             | 12,985           | 15,834           | 14,105             | 16,372             | 20,828            | 22,324             | 31,298           |
| <b>Support Services:</b>  |                             |                    |                    |                  |                  |                    |                    |                   |                    |                  |
| Tuition   | 52,057                      | 86,492             | 91,106             | 99,126           | 161,528          | 194,963            | 170,910            | 83,704            | 143,461            | 113,397          |
| Student & Instruction Related Services                          | 172,641                     | 243,748            | 277,366            | 304,215          | 333,702          | 340,134            | 341,826            | 337,103           | 354,815            | 356,914          |
| General Administration  | 105,054                     | 58,597             | 22,861             | 54,558           | 91,088           | 67,479             | 82,354             | 80,970            | 81,807             | 77,558           |
| School Administration Services                                  | 78,500                      | 52,401             | 95,157             | 83,537           | 33,305           | 34,254             | 34,583             | 38,522            | 37,218             | 36,829           |
| Central Services / Business Services                            | 50,599                      | 51,799             | 56,887             | 59,500           | 63,731           | 53,975             | 55,434             | 59,642            | 63,272             | 48,646           |
| Plant Operations & Maintenance                                  | 140,393                     | 169,504            | 175,816            | 169,825          | 200,105          | 125,179            | 128,092            | 182,940           | 176,026            | 210,610          |
| Pupil Transportation  | 43,421                      | 53,142             | 46,183             | 63,586           | 102,408          | 156,097            | 138,920            | 108,183           | 104,871            | 89,678           |
| Employee Benefits   | 641                         |                    | 480,970            | 396,281          | 184,808          | 197,705            | 223,128            | 233,843           | 248,800            | 257,334          |
| On-Behalf TPAF Pension & Soc Sec Contributions                  |                             |                    |                    |                  | 107,917          | 103,754            | 100,630            | 127,812           | 159,552            | 139,438          |
| Other Support Services  | 363,679                     | 354,592            |                    |                  |                  |                    |                    |                   |                    |                  |
| Capital Outlay  | 3,139                       | 2,468              |                    |                  |                  | 50,000             |                    |                   |                    | 36,190           |
| Capital Projects  |                             |                    |                    |                  | 20,317           | 679,458            | 100,143            | 9,700             | 65,384             |                  |
| <b>Debt Service:</b>  |                             |                    |                    |                  |                  |                    |                    |                   |                    |                  |
| Principal   | 210                         | 210                | 210                | 210              | 211              | 210                | 25,210             | 25,210            | 25,210             | 30,212           |
| Interest & Other Charges  | 30                          | 27                 | 24                 | 21               | 17               | 12,388             | 23,998             | 22,407            | 21,707             | 21,306           |
| <b>Total Expenditures</b>                                       | <b>1,838,729</b>            | <b>1,986,584</b>   | <b>2,213,812</b>   | <b>2,100,421</b> | <b>2,187,944</b> | <b>2,892,004</b>   | <b>2,247,585</b>   | <b>2,191,366</b>  | <b>2,401,149</b>   | <b>2,364,353</b> |
| <b>Excess (Deficiency) of Revenues</b>                          |                             |                    |                    |                  |                  |                    |                    |                   |                    |                  |
| Over (Under) Expenditures                                       | 39,584                      | (41,798)           | (76,440)           | 97,641           | 5,453            | (588,109)          | (18,031)           | 300,625           | (61,522)           | 23,141           |
| <b>Other Financing Sources (Uses):</b>                          |                             |                    |                    |                  |                  |                    |                    |                   |                    |                  |
| Proceeds from Bond Issue  |                             |                    |                    |                  |                  | 480,000            |                    |                   |                    |                  |
| Capital Leases (Unbudgeted)                                     |                             |                    |                    |                  |                  | 50,000             |                    |                   |                    |                  |
| Prior Year Adjustment-Capital Project Interest Income           |                             |                    |                    |                  |                  |                    |                    |                   |                    | (237)            |
| Transfers Out   | (17,512)                    | (23,119)           | (13,558)           | (10,295)         | (3,891)          | (12,000)           | (24,580)           | (24,907)          | (23,877)           | (10,785)         |
| <b>Total Other Financing Sources (Uses)</b>                     | <b>(17,512)</b>             | <b>(23,119)</b>    | <b>(13,558)</b>    | <b>(10,295)</b>  | <b>(3,891)</b>   | <b>518,000</b>     | <b>(24,580)</b>    | <b>(24,907)</b>   | <b>(23,877)</b>    | <b>(11,022)</b>  |
| <b>Net Change in Fund Balances</b>                              | <b>\$ 22,072</b>            | <b>\$ (64,917)</b> | <b>\$ (89,998)</b> | <b>\$ 87,346</b> | <b>\$ 1,562</b>  | <b>\$ (70,109)</b> | <b>\$ (42,611)</b> | <b>\$ 275,718</b> | <b>\$ (85,399)</b> | <b>\$ 12,119</b> |
| <b>Debt Service as a Percentage of Non-capital Expenditures</b> | 0.01%                       | 0.01%              | 0.01%              | 0.01%            | 0.01%            | 0.59%              | 2.35%              | 2.23%             | 2.05%              | 2.26%            |

Source: District Records

NOTE: Noncapital expenditures are total expenditures less capital outlay, capital projects and debt service.

MILFORD BOROUGH SCHOOL DISTRICT  
GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| Description                | Fiscal Year Ending June 30, |               |                  |                  |                  |                  |                  |                  |                  |                  |
|----------------------------|-----------------------------|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                            | 2005                        | 2006          | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             |
| Interest Income            |                             |               | \$ 7,939         | \$ 7,346         | \$ 5,112         | \$ 1,616         | \$ 459           | \$ 235           | \$ 121           | \$ 203           |
| Tuition                    |                             |               |                  |                  | 49,350           | 35,265           | 56,253           | 46,864           | 49,126           | 46,359           |
| Milford-Custodial Services |                             |               |                  |                  | 4,020            | 4,089            | 4,308            | 2,944            | 1,684            | 3,368            |
| Refunds                    |                             |               |                  | 256              | 2,450            |                  | 3,493            |                  |                  |                  |
| Before & After Care        |                             |               |                  |                  | 6,561            | 8,330            | 6,279            | 7,194            | 9,401            | 7,308            |
| Contributions              |                             |               |                  |                  | 285              | 4,138            | 478              | 1,219            |                  |                  |
| Miscellaneous Other        | \$ 989                      | \$ 637        | 3,891            | 40,695           | 93               | 149              | 240              | 742              | 244              | 465              |
| Transportation Services    |                             |               |                  |                  | 891              |                  |                  |                  |                  | 1,500            |
| Building Use Fees          |                             |               |                  |                  |                  |                  |                  |                  | 225              |                  |
| Insurance Settlement       |                             |               |                  |                  | 18,400           |                  |                  | 3,257            |                  |                  |
| Sale of Assets             |                             |               |                  |                  |                  |                  |                  |                  |                  | 2,500            |
| Prior Year Refunds         |                             |               |                  |                  |                  |                  |                  |                  |                  | 1,450            |
| Prior Year Adjustment      |                             |               |                  |                  | (2,036)          | (206)            |                  |                  |                  |                  |
| Annual Totals              | <u>\$ 989</u>               | <u>\$ 637</u> | <u>\$ 11,830</u> | <u>\$ 48,297</u> | <u>\$ 85,126</u> | <u>\$ 53,381</u> | <u>\$ 71,510</u> | <u>\$ 62,455</u> | <u>\$ 60,801</u> | <u>\$ 63,153</u> |

Source: District Records

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

|   | 2005                  | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Vacant Land   | \$ 2,959,200          | \$ 1,997,300          | \$ 2,034,300          | \$ 1,505,600          | \$ 2,212,100          | \$ 2,643,000          | \$ 2,647,800          | \$ 2,634,300          | \$ 2,580,300          | \$ 2,265,200          |
| Residential   | 89,689,000            | 93,383,800            | 94,823,600            | 95,519,000            | 96,064,900            | 95,595,200            | 95,320,400            | 95,332,200            | 94,829,000            | 94,913,600            |
| Farm Regular  | 1,408,500             | 1,408,500             | 1,408,500             | 1,408,500             | 1,413,900             | 1,413,900             | 1,408,800             | 1,408,800             | 1,408,800             | 1,418,800             |
| Farm Qualified  | 31,800                | 31,800                | 31,800                | 40,000                | 15,900                | 21,100                | 21,100                | 21,100                | 21,100                | 21,900                |
| Commercial  | 12,439,670            | 12,439,670            | 12,465,970            | 12,455,970            | 12,455,970            | 12,455,970            | 12,444,170            | 12,759,270            | 12,759,270            | 12,759,270            |
| Industrial  | 8,318,800             | 8,318,800             | 8,318,800             | 8,155,400             | 1,992,000             | 1,992,000             | 1,992,000             | 1,992,000             | 1,992,000             | 1,992,000             |
| Apartment   | 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             | 3,238,200             |
| <b>Total Assessed Value</b>   | <b>118,085,170</b>    | <b>120,818,070</b>    | <b>122,321,170</b>    | <b>122,322,670</b>    | <b>117,392,970</b>    | <b>117,359,370</b>    | <b>117,072,470</b>    | <b>117,385,870</b>    | <b>116,828,670</b>    | <b>116,608,970</b>    |
| Public Utilities (a)  | 292,036               | 252,285               | 231,535               | 236,757               | 265,500               | 260,294               | 229,368               | 241,622               | 222,189               | 182,366               |
| <b>Net Valuation Taxable</b>  | <b>\$ 118,377,206</b> | <b>\$ 121,070,355</b> | <b>\$ 122,552,705</b> | <b>\$ 122,559,427</b> | <b>\$ 117,658,470</b> | <b>\$ 117,619,664</b> | <b>\$ 117,301,838</b> | <b>\$ 117,627,492</b> | <b>\$ 117,050,859</b> | <b>\$ 116,791,336</b> |
| Estimated Actual County Equalized) Value                                | \$ 135,123,242        | \$ 144,328,527        | \$ 164,084,365        | \$ 150,832,151        | \$ 145,327,603        | \$ 152,971,341        | \$ 145,752,781        | \$ 128,892,715        | \$ 117,673,350        | \$ 114,247,660        |
| Percentage of Net Valuations to Estimated Actual County Equalized Value | 87.61%                | 83.89%                | 74.69%                | 81.26%                | 80.96%                | 76.89%                | 80.48%                | 91.26%                | 99.47%                | 102.23%               |
| <b>Total Direct School Tax Rate (b)</b>                                 | <b>\$ 1.18</b>        | <b>\$ 1.23</b>        | <b>\$ 1.27</b>        | <b>\$ 1.30</b>        | <b>\$ 1.41</b>        | <b>\$ 1.48</b>        | <b>\$ 1.48</b>        | <b>\$ 1.50</b>        | <b>\$ 1.54</b>        | <b>\$ 1.53</b>        |

Source: Municipal Tax Assessor

**NOTE** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

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

(b) Tax rates are per \$100

\* Revalued/Reassessed

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

| Assessment Year | School District Direct Rate |                                     |   |                      | Overlapping Rates |         |               | Total Direct & Overlapping Tax Rate |
|-----------------|-----------------------------|-------------------------------------|---|----------------------|-------------------|---------|---------------|-------------------------------------|
|                 | Basic Rate (a)              | General Obligation Debt Service (b) | (From J-6) Total Direct School Tax Rate | Regional School Debt | Municipality      | County  | Fire District |                                     |
| 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                                |
| 2013            | 1.50                        | 0.04                                | 1.54                                    | 0.53                 | 0.70              | 0.35    |               | 3.12                                |
| 2014            | 1.49                        | 0.04                                | 1.53                                    | 0.61                 | 0.71              | 0.35    |               | 3.20                                |

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

|                                | 2014                   |      |  | 2005                   |      |  |
|--------------------------------|------------------------|------|--|------------------------|------|--|
|                                | 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    | 2.77%                                  | \$ 3,238,200           | 2    | 2.74%                                  |
| International Paper Company    | 1,336,600              | 2    | 1.14%                                  |                        |      |  |
| Hunterdon Medical Center       | 1,131,000              | 3    | 0.97%                                  | 1,131,000              | 3    | 0.96%                                  |
| 60 Bridge Street LLC #1        | 805,500                | 4    | 0.69%                                  |                        |      |  |
| 60 Bridge Street LLC #2        | 702,100                | 5    | 0.60%                                  |                        |      |  |
| Peter Trustee Kerl             | 573,700                | 6    | 0.49%                                  | 573,700                | 5    | 0.48%                                  |
| Individual Property Owner #1   | 539,100                | 7    | 0.46%                                  |                        |      |  |
| Stem Brothers                  | 523,700                | 8    | 0.45%                                  | 523,700                | 7    | 0.44%                                  |
| Individual Property Owner #2   | 504,800                | 9    | 0.43%                                  |                        |      |  |
| Individual Property Owner #3   | 485,400                | 10   | 0.42%                                  |                        |      |  |
| Royal Blue Papers Incorporated |                        |      |  | 7,500,000              | 1    | 6.34%                                  |
| Hunterdon United Bank          |                        |      |  | 702,100                | 4    | 0.59%                                  |
| Individual Property Owner #4   |                        |      |  | 563,200                | 6    | 0.48%                                  |
| Thje Baker Acquisition Corp    |                        |      |  | 490,400                | 7    | 0.41%                                  |
| Milford Market Inc             |                        |      |  | 462,500                | 9    | 0.39%                                  |
|                                | <u>\$ 9,840,100</u>    |      | <u>8.43%</u>                           | <u>\$ 15,184,800</u>   |      | <u>12.83%</u>                          |

Source: Municipal Tax Assessor

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

| Year Ending<br>December 31, | Taxes Levied<br>for the Year | Collected Within the Fiscal Year<br>of the Levy (a) |                       |
|-----------------------------|------------------------------|---|-----------------------|
|                             |                              | Amount  | Percentage<br>of Levy |
| 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%                |
| 2012                        | 3,621,640                    | 3,480,713   | 96.11%                |
| 2013                        | 3,652,339                    | 3,499,882   | 95.83%                |

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

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

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

| Fiscal Year<br>Ending<br>June 30, | Governmental Activities            |               |                   | Business-Type<br>Activities          |                   | Total<br>District | % of<br>Personal<br>Income (a) | Per<br>Capita (a) |
|-----------------------------------|------------------------------------|---------------|-------------------|--------------------------------------|-------------------|-------------------|--------------------------------|-------------------|
|                                   | General<br>Obligation<br>Bonds (b) | NJEDA<br>Loan | Capital<br>Leases | Bond<br>Anticipation<br>Notes (BANs) | Capital<br>Leases |                   |                                |                   |
| 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           | 0.67%                          | 445               |
| 2011                              | 455,000                            | 632           | 40,833            |                                      |                   | 496,465           | 0.62%                          | 402               |
| 2012                              | 430,000                            | 422           | 31,267            |                                      |                   | 461,689           | 0.54%                          | 375               |
| 2013                              | 405,000                            | 212           | 21,285            |                                      |                   | 426,497           | 0.49%                          | 353               |
| 2014                              | 375,000                            |               | 10,869            |                                      |                   | 385,869           | N/A                            | 317               |

**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<br>Ending<br>June 30, | General Bonded Debt Outstanding      |            | Net General<br>Bonded Debt<br>Outstanding | % of Actual<br>Taxable<br>Value (a) of<br>Property | Per<br>Capita (a) |
|-----------------------------------|--------------------------------------|------------|---|--|-------------------|
|                                   | General<br>Obligation<br>Bonds/Loans | Deductions |   |  |                   |
| 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%  | 356               |
| 2013                              | 405,212                              |            | 405,212                                   | 0.3462%  | 333               |
| 2014                              | 375,000                              |            | 375,000                                   | 0.3211%  | 308               |

**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, 2013

|                                   | Debt<br>Outstanding | Estimated %<br>Applicable (a) | Estimated<br>Share of<br>Overlapping<br>Debt |
|-----------------------------------|---------------------|-------------------------------|--|
| GOVERNMENTAL UNIT                 |                     |                               |  |
| Debt Repaid with Property Taxes:  |                     |                               |  |
| Municipality                      | \$ 899,503          | 100.00%                       | \$ 899,503                                   |
| Regional High School              | 3,055,000           | 5.00%                         | 153,240                                      |
| County General Obligation Debt    | 69,514,672          | 0.56%                         | 390,876                                      |
| Subtotal, Overlapping Debt        |                     |                               | 1,443,619                                    |
| School District Direct Debt       |                     |                               | 375,000                                      |
| Total Direct and Overlapping Debt |                     |                               | <u>\$ 1,818,619</u>                          |

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

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

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

MILFORD BOROUGH SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION,  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2014

|   |      |                       |
|---|------|-----------------------|
| Equalized Valuation Basis                       | 2013 | \$ 114,280,221        |
|   | 2012 | 118,011,330           |
|   | 2011 | <u>128,284,539</u>    |
|   |      | <u>\$ 360,576,090</u> |
| Average Equalized Valuation of Taxable Property |      | <u>\$ 120,192,030</u> |
| Debt Limit (3.0% of Average Equalization Value) |      | \$ 3,605,761          |
| Total Net Debt Applicable to Limit              |      | <u>375,000</u>        |
| Legal Debt Margin                               |      | <u>\$ 3,230,761</u>   |

|  | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt Limit   | \$ 3,191,140        | \$ 3,527,897        | \$ 3,969,674        | \$ 4,445,654        | \$ 4,746,923        | \$ 4,757,207        | \$ 4,571,348        | \$ 4,267,853        | \$ 3,921,201        | \$ 3,605,761        |
| Total Net Debt Applicable  | <u>1,893</u>        | <u>1,683</u>        | <u>1,472</u>        | <u>1,262</u>        | <u>767,452</u>      | <u>671,242</u>      | <u>646,032</u>      | <u>620,822</u>      | <u>595,612</u>      | <u>375,000</u>      |
| Legal Debt Margin  | <u>\$ 3,189,247</u> | <u>\$ 3,526,214</u> | <u>\$ 3,968,202</u> | <u>\$ 4,444,392</u> | <u>\$ 3,979,471</u> | <u>\$ 4,085,965</u> | <u>\$ 3,925,316</u> | <u>\$ 3,647,031</u> | <u>\$ 3,325,589</u> | <u>\$ 3,230,761</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 0.06%               | 0.05%               | 0.04%               | 0.03%               | 16.17%              | 14.11%              | 14.13%              | 14.55%              | 15.19%              | 10.40%              |

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

(a)

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

| <u>Year</u> | <u>Population ( a )</u> | <u>Personal<br/>Income ( b )</u> | <u>Per Capita<br/>Personal<br/>Income ( c )</u> | <u>Unemployment<br/>Rate ( d )</u> |
|-------------|-------------------------|----------------------------------|---|------------------------------------|
| 2005        | 1,199                   | \$ 71,796,120                    | \$ 59,880                                       | 3.8%                               |
| 2006        | 1,205                   | 78,327,410                       | 65,002  | 6.2%                               |
| 2007        | 1,200                   | 46,045,200                       | 38,371  | 5.4%                               |
| 2008        | 1,194                   | 82,179,438                       | 68,827  | 7.1%                               |
| 2009        | 1,192                   | 78,744,712                       | 66,061  | 12.2%                              |
| 2010        | 1,234                   | 80,636,964                       | 65,346  | 12.7%                              |
| 2011        | 1,231                   | 85,382,160                       | 69,360  | 12.5%                              |
| 2012        | 1,208                   | 87,134,248                       | 72,131  | 12.9%                              |
| 2013        | 1,216                   | N/A                              | N/A   | 5.9%                               |
| 2014        | 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

| Employer | 2014      |      |  | 2005      |      |  |
|----------|-----------|------|--|-----------|------|--|
|          | 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     | 2005        | 2006        | 2007        | 2008        | 2009        | 2010        | 2011        | 2012        | 2013         | 2014         |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Instruction            | 18.6        | 17.7        | 17.7        | 14.2        | 14.6        | 15.6        | 14.6        | 14.8        | 14.60        | 16.26        |
| Support Services:      |             |             |             |             |             |             |             |             |              |              |
| Related Services       | 3.1         | 3.1         | 3.1         | 3.2         | 3.2         | 3.2         | 3.2         | 3.2         | 2.90         | 2.89         |
| General Administration | 0.5         | 0.5         | 0.5         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.40         | 0.40         |
| School Administration  | 0.6         | 1.0         | 0.6         | 0.7         | 0.7         | 0.7         | 0.7         | 0.7         | 0.42         | 0.41         |
| Business Office        | 1.0         | 1.0         | 1.0         | 0.6         | 0.6         | 0.6         | 0.6         | 0.6         | 0.47         | 0.36         |
| Building Maintenance   | 0.8         | 0.8         | 0.8         | 1.8         | 1.8         | 1.8         | 1.8         | 1.8         | 1.26         | 1.26         |
| Transportation         | 0.2         | 0.2         | 0.3         | 0.3         | 0.3         | 0.3         | 0.3         | 0.3         | 0.76         | 0.62         |
| Cafeteria              | 0.7         | 0.5         | 0.5         | 0.6         |             |             |             |             |              |              |
| <b>Total</b>           | <u>25.5</u> | <u>24.8</u> | <u>24.5</u> | <u>21.8</u> | <u>21.6</u> | <u>22.6</u> | <u>21.6</u> | <u>21.8</u> | <u>20.81</u> | <u>22.20</u> |

MILFORD BOROUGH SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>Enrollment</u> | <u>Operating Expenditures ( a )</u> | <u>Cost Per Pupil</u> | <u>Percentage Change</u> | <u>Teaching Staff ( b )</u> | <u>Teacher Ratio</u> | <u>Average Daily Enrollment (ADE) ( c )</u> | <u>Average Daily Attendance (ADA) ( c )</u> | <u>% Change in Average Daily Enrollment</u> | <u>Student Attendance Percentage</u> |
|--------------------|-------------------|-------------------------------------|-----------------------|--------------------------|-----------------------------|----------------------|---|---|---|--------------------------------------|
| 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%                               |
| 2013               | 114               | 2,288,848                           | 20,078                | 11.00%                   | 14.6                        | 1 to 7.80            | 114.0                                       | 109.1                                       | -2.65%                                      | 95.70%                               |
| 2014               | 107               | 2,276,645                           | 21,277                | 21.64%                   | 13.2                        | 1 to 8.11            | 107.0                                       | 105.5                                       | -12.30%                                     | 98.60%                               |

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).

MILFORD BOROUGH SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS

| DISTRICT BUILDING        | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>Elementary (1924)</u> |        |        |        |        |        |        |        |        |        |        |
| 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               | 122.0  | 120.0  | 118.0  | 116.0  | 102.0  | 114.0  | 116.0  | 122.0  | 114.0  | 107.0  |

Number of Schools at June 30, 2014:

|               |   |
|---------------|---|
| 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.

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

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

\*School Facilities

|                         | Amount            | Total             |
|-------------------------|-------------------|-------------------|
| 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            |
| 2013                    | 64,552            | 64,552            |
| 2014                    | 70,996            | 70,996            |
| Total School Facilities | <u>\$ 395,263</u> | <u>\$ 395,263</u> |

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

Source: District Records

MILFORD BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2014  
(UNAUDITED)

|   | <u>Coverage</u> |
|---|-----------------|
| School Package Policy-School Alliance Insurance Fund:         |                 |
| Property-Blanket Building & Contents                          | \$ 4,254,848    |
| Comprehensive General Liability                               | 5,000,000       |
| Excess Liability  | 5,000,000       |
| Blanket Dishonesty Bond                                       | 500,000         |
| Boiler & Machinery-School Alliance Insurance Fund:            |                 |
| Property Damage   | 4,254,848       |
| School Board Legal Liability-School Alliance Insurance Fund:  |                 |
| Directors and Officers Policy                                 | 10,000,000      |
| Worker's Compensation-NJSBAIG:                                |                 |
| Per Accident, Disease and Disease Limit                       | 2,000,000       |
| Student Accident-Berkley Insurance                            | 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**

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 14, 2014

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Milford Borough School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated November 14, 2014.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board of Education's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

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

## INDEPENDENT AUDITOR'S REPORT

November 14, 2014

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

### **Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Milford Borough School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2014. 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.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education's compliance.

## Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133  
and Expenditures of State Financial Assistance Required by NJ OMB 04-04**

We have audited the financial statements of the District as of and for the year ended June 30, 2014, and have issued our report thereon dated November 14, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



William M. Colantano, Jr.  
Public School Accountant

MILFORD BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| Grantor/Program Title  | Federal CFDA Number | Project Number | Program or Award Amount | Grant Period From To | Balance June 30, 2013 (Acct Rec) Unearned Rev | Cash Received | Budgetary Expenditure | Adjustment | Balance June 30, 2014 |                  |                |  |
|--|---------------------|----------------|-------------------------|----------------------|---|---------------|-----------------------|------------|-----------------------|------------------|----------------|--|
|  |                     |                |                         |                      |   |               |                       |            | Accounts Receivable   | Unearned Revenue | Due to Grantor |  |
| US Department of Education Passed Through State Department of Education:   |                     |                |                         |                      |   |               |                       |            |                       |                  |                |  |
| Special Revenue Fund:  |                     |                |                         |                      |   |               |                       |            |                       |                  |                |  |
| NCLB Title IIA   | 84.367A             | NCLB 318014    | \$ 2,723                | 7/01/2013-6/30/2014  |   | \$ 1,048      | \$ 1,048              |            | \$ (1,675)            | \$ 1,675         |                |  |
| NCLB Title IIA   | 84.367A             | NCLB 318013    | 2,812                   | 9/01/2012-8/31/2013  | \$ (2,812)                                    | 2,812         |                       |            |                       |                  |                |  |
| NCLB Title IA  | 84.010A             | NCLB 318013    | 5,970                   | 9/01/2012-8/31/2013  | (5,970)                                       | 5,970         |                       |            |                       |                  |                |  |
| NCLB Title IA  | 84.010A             | NCLB 318014    | 8,517                   | 7/01/2013-6/30/2014  |   | 8,517         | 8,517                 |            |                       |                  |                |  |
| Race to The Top  | 84.413A             | N/A            | 498                     | 9/01/2011-11/30/2015 |   | 498           | 498                   |            |                       |                  |                |  |
| Small, Rural School Achievement Program                                    | 84.358A             | S358A 123056   | 18,952                  | 7/01/2012-9/30/2013  | (6,904)                                       | 18,666        | 11,762                |            |                       |                  |                |  |
| Small, Rural School Achievement Program                                    | 84.358A             | S358A 133056   | 18,167                  | 7/01/2013-6/30/2014  |   | 17,584        | 17,584                | (583)      | 583                   |                  |                |  |
| Small, Rural School Achievement Program                                    | 84.358A             | S358A 113056   | 19,131                  | 7/01/2011-9/30/2012  | (3,951)                                       | 3,951         |                       |            |                       |                  |                |  |
| IDEA Basic   | 84.027              | IDEA 318014    | 28,146                  | 7/01/2013-6/30/2014  |   | 28,146        | 28,146                |            |                       |                  |                |  |
| IDEA Pre School  | 84.173              | IDEA 318014    | 1,410                   | 7/01/2013-6/30/2014  |   | 634           | 1,410                 | (776)      |                       |                  |                |  |
| IDEA Basic   | 84.027              | IDEA 318013    | 29,534                  | 9/01/2012-8/31/2013  | (29,534)                                      | 29,534        |                       |            |                       |                  |                |  |
| IDEA Pre School  | 84.173              | IDEA 318013    | 1,467                   | 9/01/2012-8/31/2013  | (1,467)                                       | 1,446         |                       | (21)       |                       |                  |                |  |
| Total Special Revenue Fund   |                     |                |                         |                      | (50,638)                                      | 118,806       | 68,965                | \$ -       | (3,055)               | 2,258            | \$ -           |  |
| US Department of Agriculture Passed Through State Department of Education: |                     |                |                         |                      |   |               |                       |            |                       |                  |                |  |
| Enterprise Fund:   |                     |                |                         |                      |   |               |                       |            |                       |                  |                |  |
| National School Lunch Program-Food Distribution Program                    | 10.555              | N/A            | 8,202                   | 7/01/2012-6/30/2013  | 1,037   |               | 1,037                 |            |                       |                  |                |  |
| National School Lunch Program-Food Distribution Program                    | 10.555              | N/A            | 7,967                   | 7/01/2013-6/30/2014  |   | 7,967         | 7,292                 |            |                       | 675              |                |  |
| National School Lunch Program-Cash Assistance                              | 10.555              | N/A            | 7,542                   | 7/01/2012-6/30/2013  | (314)   | 314           |                       |            |                       |                  |                |  |
| National School Lunch Program-Cash Assistance                              | 10.555              | N/A            | 6,759                   | 7/01/2013-6/30/2014  |   | 6,297         | 6,759                 | (462)      |                       |                  |                |  |
| Total Enterprise Fund  |                     |                |                         |                      | 723   | 14,578        | 15,088                | -          | (462)                 | 675              | -              |  |
| TOTAL FEDERAL FINANCIAL ASSISTANCE   |                     |                |                         |                      | \$ (49,915)                                   | \$ 133,384    | \$ 84,053             | \$ -       | \$ (3,517)            | \$ 2,933         | \$ -           |  |

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, 2014

| Grantor/Program Title   | Project Number      | Program or Award Amount | Grant Period From To | Balance 6/30/2013 (Acct Rec) Unearned Rev | Cash Received     | Budgetary Expenditure | Adjustment      | Balance June 30, 2014 |                  |                | Memo                 |                         |
|---|---------------------|-------------------------|----------------------|---|-------------------|-----------------------|-----------------|-----------------------|------------------|----------------|----------------------|-------------------------|
|   |                     |                         |                      |   |                   |                       |                 | Accounts Receivable   | Unearned Revenue | Due to Grantor | Budgetary Receivable | Cumulative Expenditures |
| <b>State Department of Education</b>                                  |                     |                         |                      |   |                   |                       |                 |                       |                  |                |                      |                         |
| <b>General Fund:</b>  |                     |                         |                      |   |                   |                       |                 |                       |                  |                |                      |                         |
| Equalization Aid  | 13-495-034          | \$ 203,720              | 7/01/2012-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-078           |                         | 6/30/2013            | \$ (20,289)                               | \$ 20,289         |                       |                 |                       |                  |                |                      |                         |
| Equalization Aid  | 14-495-034          | 202,744                 | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-078           |                         | 6/30/2014            |   | 182,588           | \$ 202,744            |                 | \$ (20,156)           |                  |                | \$ (20,156)          | \$ 202,744              |
| Special Education Aid   | 13-495-034          | 57,863                  | 7/01/2012-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-089           |                         | 6/30/2013            | (5,763)                                   | 5,763             |                       |                 |                       |                  |                |                      |                         |
| Special Education Aid   | 14-495-034          | 58,167                  | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-089           |                         | 6/30/2014            |   | 52,385            | 58,167                |                 | (5,782)               |                  |                | (5,782)              | 58,167                  |
| Transportation Aid  | 13-495-034          | 1,799                   | 7/01/2012-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-014           |                         | 6/30/2013            | (179)                                     | 179               |                       |                 |                       |                  |                |                      |                         |
| Transportation Aid  | 14-495-034          | 2,238                   | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-014           |                         | 6/30/2014            |   | 2,016             | 2,238                 |                 | (222)                 |                  |                | (222)                | 2,238                   |
| Security Aid  | 13-495-034          | 1,683                   | 7/01/2012-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-084           |                         | 6/30/2013            | (167)                                     | 167               |                       |                 |                       |                  |                |                      |                         |
| Security Aid  | 14-495-034          | 1,915                   | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-084           |                         | 6/30/2014            |   | 1,724             | 1,915                 |                 | (191)                 |                  |                | (191)                | 1,915                   |
| School Chjoice Aid  | 14-495-034          | 44,604                  | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-068           |                         | 6/30/2014            |   | 40,168            | 44,604                |                 | (4,436)               |                  |                | (4,436)              | 44,604                  |
| Extraordinary Special Education Costs Aid                             | 14-100-034          | 13,179                  | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-473           |                         | 6/30/2014            |   | -                 | 13,179                |                 | (13,179)              |                  |                | (13,179)             | 13,179                  |
| Extraordinary Special Education Costs Aid                             | 13-100-034          | 24,734                  | 7/01/2012-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-473           |                         | 6/30/2013            | (24,734)                                  | 24,734            |                       |                 |                       |                  |                |                      |                         |
| Non Public Transportation Aid   | 14-495-034          | 645                     | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-014           |                         | 6/30/2014            |   |                   | 645                   |                 | (645)                 |                  |                | (645)                | 645                     |
| Non Public Transportation Aid   | 13-495-034          | 838                     | 7/01/2012-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-014           |                         | 6/30/2013            | (838)                                     | 838               |                       |                 |                       |                  |                |                      |                         |
| Reimbursement TPAF Social Security Contribution                       | 13-495-034          | 55,920                  | 7/01/2012-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5095-002           |                         | 6/30/2013            | (2,692)                                   | 2,692             |                       |                 |                       |                  |                |                      |                         |
| Reimbursement TPAF Social Security Contribution                       | 14-495-034          | 52,359                  | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5095-002           |                         | 6/30/2014            |   | 49,970            | 52,359                |                 | (2,389)               |                  |                | (2,389)              | 52,359                  |
| On-Behalf TPAF Pension Contribution-Normal Cost and Accrued Liability | 14-495-034          | 30,313                  | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5095-006           |                         | 6/30/2014            |   | 30,313            | 30,313                |                 |                       |                  |                |                      | 30,313                  |
| On-Behalf TPAF Pension Contribution-Non-Contributory Insurance        | 14-495-034          | 2,676                   | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5095-007           |                         | 6/30/2014            |   | 2,676             | 2,676                 |                 |                       |                  |                |                      | 2,676                   |
| On-Behalf TPAF Pension Contribution-Post Retirement Medical           | 14-495-034          | 54,090                  | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5095-001           |                         | 6/30/2014            |   | 54,090            | 54,090                |                 |                       |                  |                |                      | 54,090                  |
| <b>Total General Fund</b>   |                     |                         |                      | <u>(54,662)</u>                           | <u>470,592</u>    | <u>462,930</u>        | <u>\$ -</u>     | <u>(47,000)</u>       | <u>\$ -</u>      | <u>\$ -</u>    | <u>(47,000)</u>      | <u>462,930</u>          |
| <b>Debt Service Fund:</b>   |                     |                         |                      |   |                   |                       |                 |                       |                  |                |                      |                         |
| Debt Service Aid-State Support  | 14-495-034          | 40                      | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -5120-017           |                         | 6/30/2014            |   | 40                | 40                    |                 |                       |                  |                |                      | 40                      |
| <b>Total Debt Service Fund</b>  |                     |                         |                      | <u>-</u>                                  | <u>40</u>         | <u>40</u>             | <u>-</u>        | <u>-</u>              | <u>-</u>         | <u>-</u>       | <u>-</u>             | <u>40</u>               |
| <b>Capital Projects Fund:</b>   |                     |                         |                      |   |                   |                       |                 |                       |                  |                |                      |                         |
| NJ Schools Development Authority Health & Safety Improvements         | SDA3180-050-07-OJAI | 320,000                 | N/A                  | (190,400)                                 | 189,284           |                       | 1,116           |                       |                  |                |                      | 318,884                 |
| Gymnasium Flooring Replacement  | SDA3180-050-10-1001 | 30,000                  | N/A                  | (23,866)                                  | 18,305            |                       | 5,561           |                       |                  |                |                      | 24,439                  |
| <b>Total Capital Projects Fund</b>                                    |                     |                         |                      | <u>(214,266)</u>                          | <u>207,589</u>    | <u>-</u>              | <u>6,677</u>    | <u>-</u>              | <u>-</u>         | <u>-</u>       | <u>-</u>             | <u>343,323</u>          |
| <b>State Department of Agriculture Enterprise Fund:</b>               |                     |                         |                      |   |                   |                       |                 |                       |                  |                |                      |                         |
| State School Lunch Program  | 13-100-010          | 385                     | 7/01/2012-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -3350-023           |                         | 6/30/2013            | (40)                                      | 40                |                       |                 |                       |                  |                |                      |                         |
| State School Lunch Program  | 14-100-010          | 329                     | 7/01/2013-           |   |                   |                       |                 |                       |                  |                |                      |                         |
|   | -3350-023           |                         | 6/30/2014            |   | 286               | 329                   |                 | (43)                  |                  |                | (43)                 | 329                     |
| <b>Total Enterprise Fund</b>  |                     |                         |                      | <u>(40)</u>                               | <u>326</u>        | <u>329</u>            | <u>-</u>        | <u>(43)</u>           | <u>-</u>         | <u>-</u>       | <u>(43)</u>          | <u>329</u>              |
| <b>TOTAL STATE FINANCIAL ASSISTANCE</b>                               |                     |                         |                      | <u>\$ (268,968)</u>                       | <u>\$ 678,547</u> | <u>\$ 463,299</u>     | <u>\$ 6,677</u> | <u>\$ (47,043)</u>    | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ (47,043)</u>   | <u>\$ 806,622</u>       |

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2014

**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 \$4,389 for the general fund and (\$524) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

|                       | <u>Federal</u>   | <u>State</u>      | <u>Total</u>      |
|-----------------------|------------------|-------------------|-------------------|
| General Fund          |                  | \$ 458,541        | \$ 458,541        |
| Special Revenue Fund  | \$ 69,489        |                   | 69,489            |
| Capital Projects Fund |                  | (6,677)           | (6,677)           |
| Debt Service          |                  | 40                | 40                |
| Food Service Fund     | <u>15,088</u>    | <u>329</u>        | <u>15,417</u>     |
|                       | <u>\$ 84,577</u> | <u>\$ 452,233</u> | <u>\$ 536,810</u> |

MILFORD BOROUGH SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2014  
(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, 2014. 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, 2014.

MILFORD BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified? Yes X No

2. 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, 2014  
(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: \_\_\_\_\_

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, 2014

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2014.

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, 2014.

MILFORD BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

K-7

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.