

**MILFORD BOROUGH
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2020

**Responsibility of the Management of
Milford Borough School District
Hunterdon County, New Jersey**



**MILFORD BOROUGH
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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**MILFORD BOROUGH
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MILFORD BOROUGH SCHOOL DISTRICT
7 HILLSIDE AVENUE
MILFORD, NEW JERSEY 08848
Phone (908) 995-4349
Fax (908) 996-4310

Dr. Rick Falkenstein
Superintendent

Michele McCann
*Business Administrator/
Board Secretary*

January 8, 2021

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

The comprehensive annual financial report of the Milford Borough School District (the District) for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly 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: Introduction, Financial, Statistical and Single Audit. The Introduction 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. 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 Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Milford Borough School District 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 eight. This includes regular, as well as special education for special need students. The District completed the 2019-2020 fiscal year with an enrollment of 63 students. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2010-2011	117.1	10.36%
2011-2012	122.0	4.18%
2012-2013	115.4	-5.41%
2013-2014	107.0	-7.28%
2014-2015	94.7	-11.50%
2015-2016	92.1	-2.75%
2016-2017	80.7	-12.38%
2017-2018	74.8	-7.31%
2018-2019	85.3	14.04%
2019-2020	62.8	-25.38%

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. Besides the usual grocery, post office, and churches, the Borough is host to a compliment of small businesses, many having originated as family businesses.

3) MAJOR INITIATIVES

Milford Public School will continue to seek opportunities to provide students with an environment that grows students to their fullest potential. In the future we will implement Fountas and Pinnell reading assessment into our school culture. Students' progress will be monitored on a Data Wall and quarterly meetings with ensure that students are securing a strong literacy foundation.

The District will also continue to implement Project Based Learning (PBL) into our classrooms. PBL is a great strategy to help students apply the content and knowledge to real world applications.

In addition, our preschool program includes paid regular education students to increase our revenues, as well as, offer a service to the community. The preschool program will make Milford Borough residents a priority, as well as expand inclusivity. We have been a choice school for several years and receive revenue for students who attend from other districts. The program will continue in the current school year.

In conclusion, the Milford Borough School District commits 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, 2020.

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, 2020.

8) DEBT ADMINISTRATION

At June 30, 2020, the District had outstanding debt issues of \$190,000 at an interest rate of 5.125%.

9) CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in the Notes to the Financial Statements. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted 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 BKC, CPAs, PC, 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to single audit are included in the single audit section of this report.


12) ACKNOWLEDGMENTS

We would like to express our appreciation to the members of Milford Borough 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,

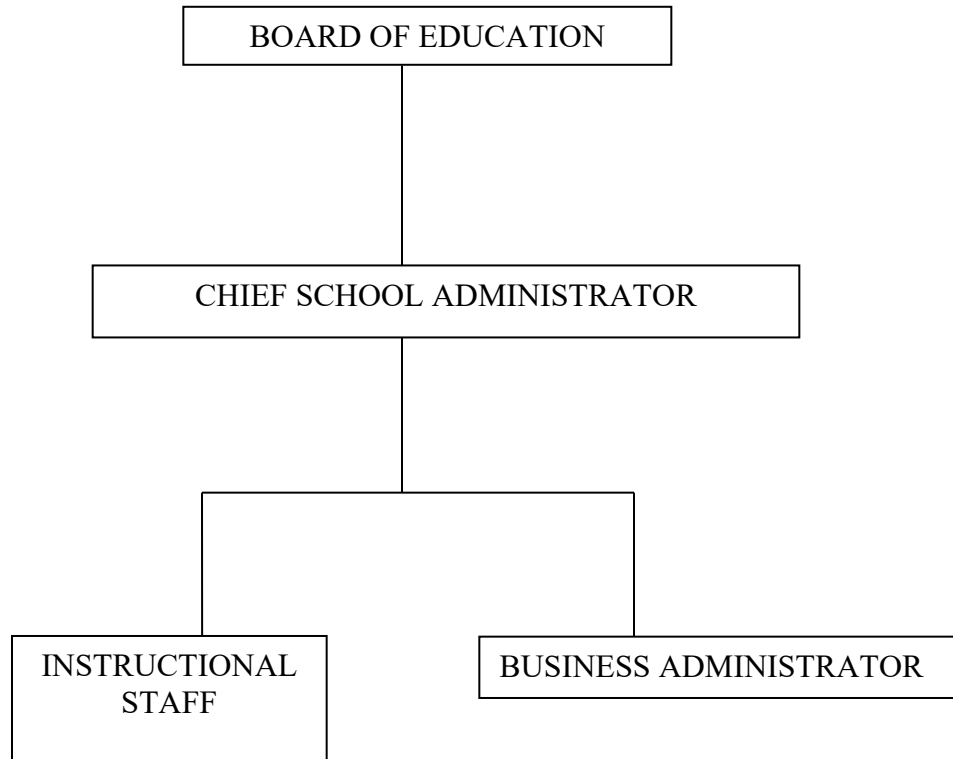


Dr. Rick Falkenstein
Superintendent



Michele McCann
Business Administrator/Board Secretary

**MILFORD BOROUGH SCHOOL DISTRICT
ORGANIZATIONAL CHART
(UNIT CONTROL)**



MILFORD BOROUGH SCHOOL DISTRICT
Milford, New Jersey
Roster of Officials
June 30, 2020

Members of the Board of Education	Title	Term Expires
Teresa Kane	President	2020
Laura Hanson	Vice President	2020
Ben Cramer		2023
Nicole Kempf		2023
Jill Seeland		2023

Other Officials	Title
Rick Falkenstein	Superintendent
Michele McCann	Board Secretary/School Business Administrator
Raymond B. Krov	School Treasurer

MILFORD BOROUGH SCHOOL DISTRICT
Milford, New Jersey
Consultants and Advisors
June 30, 2020

AUDIT FIRM

BKC, CPAs, PC
39 State Route 12, Ste 2
Flemington, NJ 08822

ARCHITECTS

SSP Architectural Group
1011 Route 22, Suite 203
Bridgewater, NJ 08807-2950

ATTORNEY

Comengo Law Group
521 Pleasant Valley Avenue
Moorestown, NJ 08057

OFFICIAL DEPOSITORY

PNC Bank
PO Box 746
Keene, NH 03431



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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 Milford Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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 Milford Borough School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introduction section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate 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 fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introduction 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 January 8, 2021 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 8, 2021
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The discussion and analysis of Milford Borough School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. 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 2020 are as follows:

- In total, net position increased \$401,469, which represents a 41.85% increase from 2019.
- General revenues accounted for \$2,967,088 in revenue or 97.86% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$64,942 or 2.14% of total revenues of \$3,032,030.
- Total assets of governmental activities increased by \$354,627. As cash and cash equivalents increased by \$328,414, receivables and other assets increased by \$61,200 and capital assets decreased by \$34,987.
- The School District had \$2,624,281 in expenses; only \$64,942 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$2,967,088, were adequate to provide for these expenses.
- Among major funds, the general fund had \$2,606,810 in revenues, \$2,198,280 in expenditures. The general fund's balance increased \$384,195 from 2019.

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 Borough School District as a financial whole as 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 one column. In the case of Milford Borough School District, the general fund is by far the most significant fund.

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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 fiscal year 2020?" 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 and business 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 extracurricular activities. Business activities are the services 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.

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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 at June 30, 2020 compared to June 30, 2019.

Table 1
Net Position

	06/30/20	06/30/19	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 1,225,071	\$ 841,859	\$ 383,212	45.52%
Capital assets	1,038,092	1,073,625	(35,533)	-3.31%
Total assets	<u>2,263,163</u>	<u>1,915,484</u>	<u>347,679</u>	<u>18.15%</u>
Deferred pension activity				
Total deferred outflow of resources	<u>168,568</u>	<u>197,517</u>	<u>(28,949)</u>	<u>-14.66%</u>
Liabilities				
Long-term liabilities	745,614	807,438	(61,824)	-7.66%
Other liabilities	<u>21,046</u>	<u>16,571</u>	<u>4,475</u>	<u>27.01%</u>
Total liabilities	<u>766,660</u>	<u>824,009</u>	<u>(57,349)</u>	<u>-6.96%</u>
Deferred pension activity				
Total deferred inflow of resources	<u>304,336</u>	<u>329,726</u>	<u>(25,390)</u>	<u>-7.70%</u>
Net position				
Net investment in capital assets	848,092	848,625	(533)	-0.06%
Restricted	907,219	545,877	361,342	66.19%
Unrestricted	<u>(394,576)</u>	<u>(435,236)</u>	<u>40,660</u>	<u>9.34%</u>
Total net position	<u>\$ 1,360,735</u>	<u>\$ 959,266</u>	<u>\$ 401,469</u>	<u>41.85%</u>

Total assets increased \$347,679. Cash and cash equivalents increased by \$325,289, receivables and other assets increased by \$57,923 and capital assets decreased by \$35,533. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$40,660.

The negative balance in unrestricted net assets is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Table 2 shows the changes in net position for the fiscal year ended June 30, 2020 compared to June 30, 2019.

Table 2
Changes in Net Position

	06/30/20	06/30/19	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 34,861	\$ 94,350	\$ (59,489)	-63.05%
Operating grants and contributions	30,081	61,350	(31,269)	-50.97%
General revenues				
Property taxes	1,952,428	1,930,214	22,214	1.15%
Grants and entitlements	998,102	1,101,116	(103,014)	-9.36%
Other	16,558	4,993	11,565	231.62%
Total revenues	<u>3,032,030</u>	<u>3,192,023</u>	<u>(159,993)</u>	<u>-5.01%</u>
Expenses				
Instruction				
Regular	1,121,409	1,645,259	(523,850)	-31.84%
Special	271,676	273,973	(2,297)	-0.84%
Other	2,031	25,410	(23,379)	-92.01%
Support services				
Tuition	276,000	61,700	214,300	347.33%
Student & instructional related services	370,505	561,088	(190,583)	-33.97%
General & business administration	110,419	105,706	4,713	4.46%
School administration	182,933	34,751	148,182	426.41%
Maintenance	215,815	262,086	(46,271)	-17.65%
Transportation	61,309	51,536	9,773	18.96%
Food service	546	31,104	(30,558)	-98.24%
Interest on long-term debt	11,638	13,420	(1,782)	-13.28%
Total expenses	<u>2,624,281</u>	<u>3,066,033</u>	<u>(441,752)</u>	<u>-14.41%</u>
Increase (Decrease) in net position before special items	<u>407,749</u>	<u>125,990</u>	<u>281,759</u>	<u>223.64%</u>
Special item				
Loss on disposal of operation	(6,280)	-	(6,280)	*
Increase (decrease) in net position	<u>\$ 401,469</u>	<u>\$ 125,990</u>	<u>\$ 275,479</u>	<u>218.65%</u>

* = undefined

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Governmental Activities

Local property taxes made up 64.39% of revenues for governmental activities for the Milford School District for fiscal year 2020.

Instruction comprises 53.16% of district expenses. Support services expenses and debt service make up 46.84% 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 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2020 compared to June 30, 2019.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/20	06/30/19	06/30/20	06/30/19
Instruction	\$ 1,395,116	\$ 1,944,642	\$ 1,358,809	\$ 1,847,251
Support services				
Tuition	276,000	61,700	276,000	32,785
Student & instructional staff	370,505	561,088	341,870	560,120
General & business administration	110,419	105,706	110,419	105,706
School administration	182,933	34,751	182,933	34,751
Plant operations & maintenance	215,815	262,086	215,815	258,246
Pupil transportation	61,309	51,536	61,309	51,536
Food services	546	31,104	546	6,518
Interest on long-term debt	11,638	13,420	11,638	13,420
Total expenses	<u>\$ 2,624,281</u>	<u>\$ 3,066,033</u>	<u>\$ 2,559,339</u>	<u>\$ 2,910,333</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 administration 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.

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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

Extracurricular activities include 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 95.12%. The community, as a whole, is the primary support for the Milford Borough School District.

The Schools District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$2,682,526 and expenditures of \$2,273,996. The general fund had an increase in fund balance of \$384,195.

General Fund Budgeting Highlights

The School District's budgetary 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 2020, 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, budgetary basis revenue was \$10,006 over the original budgeted estimates of \$2,292,717. This difference was due primarily to additional tuition revenue and state aid.

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Capital Assets

At the end of the fiscal year 2020, the School District had \$1,038,092 invested in land, building, furniture and equipment and vehicles. Table 4 shows the fiscal year ended June 30, 2020 compared to June 30, 2019.

Table 4
Capital Assets (Net of Depreciation)

	06/30/20	06/30/19	Variance	
			Dollars	Percent
Land	\$ 26,248	\$ 26,248	\$ -	0.00%
Buildings & improvements	984,164	1,016,467	(32,303)	-3.18%
Vehicles & equipment	27,680	30,910	(3,230)	-10.45%
Total	<u>\$ 1,038,092</u>	<u>\$ 1,073,625</u>	<u>\$ (35,533)</u>	<u>-3.31%</u>

Overall capital assets decreased \$35,533 from fiscal year 2019 to fiscal year 2020. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year.

Long-term liabilities

At June 30, 2020, the School District had \$745,614 of outstanding long-term liabilities. This amount is detailed in Table 5 for the fiscal year ended June 30, 2020 compared to June 30, 2019.

Table 5
Long-Term Liabilities

	06/30/20	06/30/19	Variance	
			Dollars	Percent
2009 Bond issue	\$ 190,000	\$ 225,000	\$ (35,000)	-15.56%
Compensated absences	81,342	108,351	(27,009)	-24.93%
PERS net pension liability	474,272	474,087	185	0.04%
	<u>\$ 745,614</u>	<u>\$ 807,438</u>	<u>\$ (61,824)</u>	<u>-7.66%</u>

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

For the Future

Milford Borough School District continues to monitor the fiscal health of the organization. The reduction in state aid and increasing expenses is a major concern to the community and district.

The recent change in shared services is an opportunity to make some adjustments and identify future cost savings. Increasing student enrollment continues to be a priority and we hope the recent changes in program will attract new residence and possible School Choice students.

In conclusion, Milford Borough School District is committed to providing our students and community with an exceptional experience while being sensitive to cost to the community. The challenges being placed on the District requires the Administration and Board to think creatively to address our concerns.

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 Michele McCann, School Business Administrator at Milford School District, 7 Hillside Avenue, Milford, NJ 08848 or call (908) 995-4349.

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, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 230,737	\$ -	\$ 230,737
Receivables, net	87,115	-	87,115
Restricted assets			
Capital reserve - cash	813,153	-	813,153
Emergency reserve - cash	19,066	-	19,066
Maintenance reserve - cash	75,000	-	75,000
Capital assets, net			
Land	26,248	-	26,248
Other capital assets, net of depreciation	1,009,688	2,156	1,011,844
Total assets	<u>2,261,007</u>	<u>2,156</u>	<u>2,263,163</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>168,568</u>	<u>-</u>	<u>168,568</u>
Liabilities			
Accounts payable	15,224	-	15,224
Accrued interest	4,463	-	4,463
Unearned revenue	1,359	-	1,359
Long-term liabilities			
Due within one year	35,000	-	35,000
Due beyond one year	710,614	-	710,614
Total liabilities	<u>766,660</u>	<u>-</u>	<u>766,660</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>304,336</u>	<u>-</u>	<u>304,336</u>
Net position			
Net investment in capital assets	845,936	2,156	848,092
Restricted for			
Capital reserve	813,153	-	813,153
Emergency reserve	19,066	-	19,066
Maintenance reserve	75,000	-	75,000
Unrestricted	<u>(394,576)</u>	<u>-</u>	<u>(394,576)</u>
Total net position	<u><u>\$ 1,358,579</u></u>	<u><u>\$ 2,156</u></u>	<u><u>\$ 1,360,735</u></u>

See accompanying notes to financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

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
Governmental activities								
Instruction								
Regular	\$ 723,717	\$ 397,692	\$ 34,861	\$ -	\$ -	\$ (1,086,548)	\$ -	\$ (1,086,548)
Special education	157,322	114,354	-	1,446	-	(270,230)	-	(270,230)
Other instruction	1,974	57	-	-	-	(2,031)	-	(2,031)
Support services								
Tuition	276,000	-	-	-	-	(276,000)	-	(276,000)
Students & instruction related services	287,114	83,391	-	28,635	-	(341,870)	-	(341,870)
General & business administration services	106,113	4,306	-	-	-	(110,419)	-	(110,419)
School administration services	20,484	162,449	-	-	-	(182,933)	-	(182,933)
Plant operations & maintenance	193,706	22,109	-	-	-	(215,815)	-	(215,815)
Pupil transportation	52,879	8,430	-	-	-	(61,309)	-	(61,309)
Interest on long-term debt	11,638	-	-	-	-	(11,638)	-	(11,638)
Total governmental activities	<u>1,830,947</u>	<u>792,788</u>	<u>34,861</u>	<u>30,081</u>	<u>-</u>	<u>(2,558,793)</u>	<u>-</u>	<u>(2,558,793)</u>
Business-type activities								
Food service	546	-	-	-	-	-	(546)	(546)
Total business-type activities	<u>546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(546)</u>	<u>(546)</u>
Total primary government	<u>\$ 1,831,493</u>	<u>\$ 792,788</u>	<u>\$ 34,861</u>	<u>\$ 30,081</u>	<u>\$ -</u>	<u>(2,558,793)</u>	<u>(546)</u>	<u>(2,559,339)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						1,906,793	-	1,906,793
Property taxes levied for debt service						45,635	-	45,635
Federal and state aid not restricted						998,102	-	998,102
Miscellaneous income						16,558	-	16,558
Loss on disposal of operations						-	(6,280)	(6,280)
Total general revenues, special items and transfers						<u>2,967,088</u>	<u>(6,280)</u>	<u>2,960,808</u>
Change in net position						408,295	(6,826)	401,469
Net position - beginning						950,284	8,982	959,266
Net position - ending						<u>\$ 1,358,579</u>	<u>\$ 2,156</u>	<u>\$ 1,360,735</u>

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
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 230,737	\$ -	\$ -	\$ -	\$ 230,737
Due from other funds	1,376	-	-	-	1,376
Receivables from other governments					
Local	39,868	-	-	-	39,868
State	44,512	2,735	-	-	47,247
Restricted cash and cash equivalents	907,219	-	-	-	907,219
Total assets	<u>\$ 1,223,712</u>	<u>\$ 2,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,226,447</u>
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 1,376	\$ -	\$ -	\$ 1,376
Accounts payable	15,224	-	-	-	15,224
Unearned revenue	-	1,359	-	-	1,359
Total liabilities	<u>15,224</u>	<u>2,735</u>	<u>-</u>	<u>-</u>	<u>17,959</u>

See accompanying notes to financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Capital reserve	\$ 813,153	\$ -	\$ -	\$ -	\$ 813,153
Emergency reserve	19,066	-	-	-	19,066
Maintenance reserve	75,000	-	-	-	75,000
Committed fund balance					
Year-end encumbrances	39,076	-	-	-	39,076
Unassigned fund balance	262,193	-	-	-	262,193
Total fund balances	1,208,488	-	-	-	1,208,488
 Total liabilities and fund balances	 \$ 1,223,712	 \$ 2,735	 \$ -	 \$ -	

Amounts reported for governmental activities in the
Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$1,658,970 and the accumulated depreciation is \$623,034.	1,035,936
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(135,768)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(745,614)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(4,463)
Total net position of governmental activities	\$ 1,358,579

See accompanying notes to financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 1,906,793	\$ -	\$ -	\$ 45,635	\$ 1,952,428
Tuition charges					
Individuals	34,861	-	-	-	34,861
Miscellaneous	16,558	-	-	-	16,558
Total local sources	1,958,212	-	-	45,635	2,003,847
State sources	648,598	-	-	-	648,598
Federal sources	-	30,081	-	-	30,081
Total revenues	2,606,810	30,081	-	45,635	2,682,526
Expenditures					
Current					
Instructional					
Regular instruction	723,717	-	-	-	723,717
Special education instruction	155,876	1,446	-	-	157,322
Other instruction	1,974	-	-	-	1,974
Support service & undistributed costs					
Tuition	276,000	-	-	-	276,000
Student & instruction related services	258,479	28,635	-	-	287,114
General & business administrative services	106,113	-	-	-	106,113
School administrative services	20,484	-	-	-	20,484
Plant operations & maintenance	193,706	-	-	-	193,706
Pupil transportation	52,879	-	-	-	52,879
Unallocated benefits	404,985	-	-	-	404,985

See accompanying notes to financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 2,242	\$ -	\$ -	\$ -	\$ 2,242
Debt service					
Principal	-	-	-	35,000	35,000
Interest & other charges	1,825	-	-	10,635	12,460
Total expenditures	<u>2,198,280</u>	<u>30,081</u>	<u>-</u>	<u>45,635</u>	<u>2,273,996</u>
Excess (deficit) of revenues over (under) expenditures	<u>408,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408,530</u>
Other financing sources (uses)					
Transfers in	2,721	-	-	-	2,721
Transfers out	(27,056)	-	-	-	(27,056)
Total other financing sources (uses)	<u>(24,335)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,335)</u>
Net change in fund balance	384,195	-	-	-	384,195
Fund balances, July 1	<u>824,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>824,293</u>
Fund balances, June 30	<u><u>\$ 1,208,488</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,208,488</u></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, 2020

Total net changes in fund balances - governmental fund (from B-2)	\$	384,195
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because</p> <p>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. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital outlays	\$	2,242
Depreciation expense		(37,229)
		(34,987)
<p>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 Position and are not reported in the Statement of Activities:</p>		
Debt principal payments		35,000
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
		(3,744)
<p>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.</p>		
		822
<p>In the Statement of Activities, compensated absences and 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.</p>		
		27,009
Change in net position of governmental activities	\$	408,295

See accompanying notes to financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2020

	Food Service Fund
Noncurrent assets	
Capital assets	\$ 13,624
Less: accumulated depreciation	11,468
Total assets	\$ 2,156
Net position	
Net investment in capital assets	\$ 2,156
Total net position	\$ 2,156

See accompanying notes to financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Food Service Fund
Operating expenses	
Depreciation	\$ 546
Total operating expenses	546
Operating income (loss)	(546)
Other financing sources	
Loss on disposal of operations	(6,280)
Change in net position	(6,826)
Net position, beginning	8,982
Net position, ending	\$ 2,156

See accompanying notes to financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	<u>Food Service Fund</u>
Cash flows from non-capital financing activities	
State sources	\$ 17
Federal sources	417
Net interfund transfers	<u>(3,559)</u>
Net cash provided by (used for) non-capital financing activities	<u>(3,125)</u>
 Net increase (decrease) in cash and cash equivalents	 (3,125)
 Cash and cash equivalents, beginning	 <u>3,125</u>
 Cash and cash equivalents, ending	 <u><u>\$ -</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (546)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	546
(Increase) decrease in inventory	122
Increase (decrease) in deferred revenue	<u>(122)</u>
Net cash provided by (used for) operating activities	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2020

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 109,828	\$ 7,092	\$ 7,180
Total assets	<u>\$ 109,828</u>	<u>\$ 7,092</u>	<u>\$ 7,180</u>
Liabilities			
Due to student groups	\$ -	\$ 7,092	\$ -
Payroll deductions and withholdings	-	-	454
Net payroll	-	-	6,726
Total liabilities	<u>-</u>	<u>\$ 7,092</u>	<u>\$ 7,180</u>
Net position			
Held in trust for unemployment claims and other purposes	<u>\$ 109,828</u>		

See accompanying notes to financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Board contribution	\$ 24,335
Employee contributions	1,860
Investment earnings - interest	190
Total additions	<u>26,385</u>
Deductions	
Unemployment claims	<u>17,894</u>
Change in net position	8,491
Net position, beginning of the year	<u>101,337</u>
Net position, end of the year	<u><u>\$ 109,828</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Milford Borough School District (the 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 over-all 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, 2020 of 63 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

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary 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 postemployment healthcare benefits, are recorded only when payment is due.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

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 non-operating 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 non-instructional 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.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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.

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 resource's 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) 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.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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
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Fiduciary Fund Types

Trust and Agency Funds - This fund is 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 N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the 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.

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 year 2019-2020 are 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 receivable and payables

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

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures 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 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, 2020.

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 - 10
Computer equipment	5 - 10
Vehicles	5 - 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.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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.

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.

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.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the school district or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. 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.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- 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.

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When 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.

P. Use of estimates

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

Q. 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.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

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 N.J.S.A. 54:4 et. seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

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

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

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2020, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits, cash equivalents, and investments (continued)

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.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2020, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	1,048,464
Total bank balances	<u>\$ 1,298,464</u>

Deposits at June 30, 2020 appear in the financial statements as summarized below:

Cash		<u>\$ 1,262,056</u>
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 230,737
Enterprise funds, Statement of Net Position	B-4	-
Fiduciary funds, Statement of Net Position	B-7	124,100
Restricted cash		
Governmental funds, Balance Sheet	B-1	907,219
Total cash		<u>\$ 1,262,056</u>

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 26,248	\$ -	\$ -	\$ 26,248
Total	<u>26,248</u>	<u>-</u>	<u>-</u>	<u>26,248</u>
Capital assets, being depreciated				
Land improvements	74,250	-	-	74,250
Building & improvements	1,474,905	-	-	1,474,905
Vehicles & equipment	131,325	2,242	50,000	83,567
Total	<u>1,680,480</u>	<u>2,242</u>	<u>50,000</u>	<u>1,632,722</u>
Accumulated depreciation				
Land improvements	74,250	-	-	74,250
Building & improvements	458,438	32,303	-	490,741
Vehicles & equipment	103,117	4,926	50,000	58,043
Total	<u>635,805</u>	<u>37,229</u>	<u>50,000</u>	<u>623,034</u>
Total capital assets, being depreciated, net	<u>1,044,675</u>	<u>(34,987)</u>	<u>-</u>	<u>1,009,688</u>
Governmental activities capital assets, net	<u>\$ 1,070,923</u>	<u>\$ (34,987)</u>	<u>\$ -</u>	<u>\$ 1,035,936</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 22,397	\$ -	\$ 8,773	\$ 13,624
Less: accumulated depreciation	19,695	546	8,773	11,468
Business type activities capital assets, net	<u>\$ 2,702</u>	<u>\$ (546)</u>	<u>\$ -</u>	<u>\$ 2,156</u>

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

Instruction		
Regular	\$	17,358
Special education		3,773
Other instruction		47
Support services		
Student & instruction		6,620
General & business administration		6,886
School administration		2,545
Total depreciation expense, governmental activities	\$	37,229

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 225,000	\$ -	\$ 35,000	\$ 190,000	\$ 35,000
Compensated absences payable	108,351	-	27,009	81,342	-
PERS net pension liability	474,087	185	-	474,272	-
Total governmental activities long-term liabilities	\$ 807,438	\$ 185	\$ 62,009	\$ 745,614	\$ 35,000

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 general obligation bonds outstanding as of June 30, 2020, including interest payments are listed as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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
Total	\$ 190,000	\$ 25,113	\$ 215,113

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

General Obligation Bonds - General obligation school building bonds payable at June 30, 2020, with their outstanding balances are comprised of the following individual issues:

\$480,000 - 2009 general obligation school building bonds, due in annual installments of \$25,000 to \$40,000, beginning July 15, 2010, through July 15, 2024, interest at 4.00% to 5.125%. \$ 190,000

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, 2020 is \$3,637,734. General obligation debt at June 30, 2020 is \$190,000, resulting in a legal debt margin of \$3,447,734.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following defined benefit public employee retirement systems which have been established by state statute; The Teachers' Pension and Annuity Fund (TPAF), 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. TPAF retirement system is considered a 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.

A. Public employees' retirement systems (PERS)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
A. Public employees' retirement systems (PERS) (continued)
Plan description (continued)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25-years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2019 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019 measurement date.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the year ended June 30, 2020 was 23.09% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% effective July 1, 2018.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2019:

Net pension liability	\$	474,272
Proportionate share		0.0026321432%
Plan fiduciary net position as a percentage of the total pension liability		56.27%

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases (based on years of service)		
Through 2026		2.00% - 6.00%
Thereafter		3.00% - 7.00%
Investment rate of return		7.00%

Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2019.

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

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (6.28%)	\$ 474,272
At a 1% lower rate (5.28%)	603,251
At a 1% higher rate (7.28%)	371,669

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2019 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,513	\$ 2,095
Changes of assumptions	47,358	164,618
Net difference between projected and actual earnings on pension plan investments	-	7,487
Changes in proportion and differences between District contributions and proportionate share of contributions	87,094	130,136
District contributions subsequent to the measurement date	25,603	-
Total	\$ 168,568	\$ 304,336

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2020, the plan measurement date is June 30, 2019) of \$25,603 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2019 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 9,041	\$ (528)	\$ 8,513
Changes of assumptions	78,122	(30,764)	47,358
Deferred inflows of resources			
Differences between expected and actual experience	(2,445)	350	(2,095)
Changes in assumptions	(151,588)	(13,030)	(164,618)
Differences between projected and actual investment earnings on pension plan investments	(4,447)	(3,040)	(7,487)
Net of deferred outflows	\$ (71,317)	\$ (47,012)	\$ (118,329)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Fiscal Year Ended June 30,

2020	\$ (13,695)
2021	(44,425)
2022	(39,669)
2023	(18,627)
2024	(1,913)
Total	\$ (118,329)

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information (continued)

Pension expense

For the fiscal year ended June 30, 2020, the District recognized net pension expense of \$29,348, which represents the District's proportionate share of allocable plan pension expense of \$21,988, plus the net amortization of deferred amounts from changes in proportion of \$9,013, and less other adjustments to the net pension liability of \$1,653. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

Service cost	\$	18,266
Interest on total pension liability		54,138
Member contributions		(12,581)
Administrative expense		333
Expected investment return net of investment expense		(33,592)
Pension expense related to specific liabilities of individual employers		(157)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		4,076
Amortization of expected versus actual experience		(12,458)
Amortization of projected versus actual investment earnings on pension plan investments		3,963
Pension expense	\$	21,988

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

During the State fiscal year ended June 30, 2019, the State of New Jersey contributed \$168,432 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

District proportionate share of net pension liability	\$ 7,037,787
Less: State proportionate share of net pension liability	1,896,731
Net pension liability	\$ 5,141,056

Proportionate share	0.0083770197%
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Plan fiduciary net position as a percentage of the total pension liability	26.95%
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Actuarial assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	1.55 - 4.45%
Thereafter	2.75 - 5.65%
Investment rate of return	7.00%

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Collective net pension liability and actuarial information (continued)

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Collective net pension liability and actuarial information (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (5.60%)	\$ 5,141,056
At a 1% lower rate (4.60%)	6,062,443
At a 1% higher rate (6.60%)	4,376,596

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

Service cost	\$	157,283
Interest on total pension liability		351,127
Member contributions		(70,713)
Administrative expense		1,163
Expected investment return net of investment expense		(128,936)
Pension expense related to specific liabilities of individual employers		(25)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		14,894
Amortization of expected versus actual experience		(49,863)
Amortization of projected versus actual investment earnings on pension plan investments		28,303
Pension expense	\$	303,233

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 (\$8,400 in 2020) 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/njdcprp.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2020 was \$777.

D. Other pension plan information

During the year ended June 30, 2020, the State of New Jersey contributed \$70,055 to the TPAF for postretirement medical benefits, \$3,325 for non-contributory insurance premiums, \$176 for long-term disability insurance, and \$185,512 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$42,247 during the fiscal year ended June 30, 2020 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 Statement 68.

Note 7 - Postretirement benefits

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternative Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In fiscal year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2019 amounts. The State has appropriated 1.612 billion in fiscal year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in fiscal year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2019 measurement date is as follows:

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

State's proportionate share of the OPEB liability	\$ 41,729,081,045
District's proportionate share of the State's OPEB liability	3,670,857
Employer OPEB expense and related revenue	46,271

Allocable proportionate percentage 0.0087968796%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2018	\$ 4,032,614
Service cost	114,511
Interest cost	158,398
Change of benefit terms	-
Differences between expected and actual experiences	(580,055)
Changes of assumptions	54,733
Member contributions	3,340
Gross benefit payments	(112,684)
Total OPEB liability at June 30, 2019	\$ 3,670,857

There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

The total non-employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate 2.50%

	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 3.05%	2.00% - 6.00%
Thereafter	1.55% - 3.05%	3.00% - 7.00%

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

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

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

Health care trend assumptions

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

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2019 measurement date, using the District’s allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.50%)	\$	3,670,857
At a 1% lower rate (2.50%)		4,336,733
At a 1% higher rate (4.50%)		3,141,922

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	3,670,857
At a 1% lower rate (1% decrease)		3,024,623
At a 1% higher rate (1% increase)		4,526,339

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$46,271 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

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

As of June 30, 2020, the special revenue fund has an interfund payable for \$1,376 due to the general fund, which represents a loan for cash flow purposes.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - 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.

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 11 - 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 current year and two years prior:

Fiscal Year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance
2019 - 2020	\$ 24,335	\$ 190	\$ 1,860	\$ 17,894	\$ 109,828
2018 - 2019	63,996	90	2,332	322	101,337
2017 - 2018	-	60	2,299	1,508	35,241

Note 12 - Reserve accounts

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Reserve accounts (continued)

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$361,342 to their capital reserve account by Board Resolution in June 2020 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 451,811	\$ 361,342	\$ -	\$ -	\$ -	\$ 813,153
Emergency	19,066	-	-	-	-	19,066
Maintenance	75,000	-	-	-	-	75,000
Total	<u>\$ 545,877</u>	<u>\$ 361,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 907,219</u>

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund Balance on June 30, 2020 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 813,153
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	19,066
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	75,000

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	39,076
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	292,238
Total fund balance - Budgetary basis	1,238,533
Last state aid payments not recognized on GAAP basis	(30,045)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 1,208,488

Note 14 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (\$1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve general fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$0.

Note 15 - Operating lease

At June 30, 2020, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

2021	\$ 3,064
Total	\$ 3,064

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

- Note 16 - Recent accounting pronouncements not yet effective
The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report:
- In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This statement is effective for reporting periods beginning after June 15, 2021 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.
- In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement is effective for reporting periods beginning after December 15, 2019 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.
- In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.
- Note 17 - Deficit balance in unrestricted net position
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2020 of (\$394,576) on Schedule A-1, Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.
- Note 18 - Risks and uncertainties
On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The "COVID-19 outbreak") and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.
- The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.
- Note 19 - Subsequent events
The District has evaluated subsequent events through January 8, 2021, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 1,906,793	\$ -	\$ 1,906,793	\$ 1,906,793	\$ -
Other local governmental units - unrestricted	3,942	-	3,942	-	(3,942)
Tuition from individuals	55,000	-	55,000	34,861	(20,139)
Unrestricted miscellaneous revenues	24,709	-	24,709	16,558	(8,151)
Total	1,990,444	-	1,990,444	1,958,212	(32,232)
State sources					
School choice aid	68,650	-	68,650	68,650	-
Extraordinary aid	-	-	-	42,238	42,238
Categorical special education aid	52,412	-	52,412	52,412	-
Equalization aid	181,211	-	181,211	181,211	-
TPAF Pension (on-behalf)	-	-	-	188,837	188,837
TPAF Social Security (reimbursed)	-	-	-	42,247	42,247
TPAF Postretirement benefits	-	-	-	70,055	70,055
TPAF Long-term disability insurance	-	-	-	176	176
Total	302,273	-	302,273	645,826	343,553
Total revenues	\$ 2,292,717	\$ -	\$ 2,292,717	\$ 2,604,038	\$ 311,321
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 60,804	\$ -	\$ 60,804	\$ 60,804	\$ -
Kindergarten	110,402	(18,148)	92,254	92,089	165
Grades 1-5	299,414	11,469	310,883	309,704	1,179
Grades 6-8	72,255	(70,755)	1,500	-	1,500
Regular programs - undistributed instruction					
Other salaries for instruction	25,375	(9,917)	15,458	15,458	-
Purchased professional - educational services	46,705	2,776	49,481	48,981	500
Purchased technical services	500	(500)	-	-	-
Other purchased services	53,262	(1,916)	51,346	47,576	3,770
General supplies	44,605	28,973	73,578	54,415	19,163
Textbooks	-	400	400	134	266
Other objects	2,050	(400)	1,650	75	1,575
Total	715,372	(58,018)	657,354	629,236	28,118
Special education					
Resource room/resource center					
Salaries of teachers	113,488	(6,992)	106,496	97,253	9,243
Other salaries for instruction	-	11,691	11,691	11,690	1
General supplies	1,000	(68)	932	932	-
Total	114,488	4,631	119,119	109,875	9,244

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Preschool disabilities - part-time					
Other salaries for instruction	\$ -	\$ 13,850	\$ 13,850	\$ 9,647	\$ 4,203
Total	-	13,850	13,850	9,647	4,203
Total special education	114,488	18,481	132,969	119,522	13,447
Basic skills/remedial					
General supplies	250	-	250	-	250
Total	250	-	250	-	250
School-sponsored co/extra curricular activities - instruction					
Salaries	9,745	-	9,745	1,724	8,021
Supplies and materials	1,100	(300)	800	-	800
Other objects	-	300	300	250	50
Total	10,845	-	10,845	1,974	8,871
Total instruction regular	\$ 840,955	\$ (39,537)	\$ 801,418	\$ 750,732	\$ 50,686
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 200,000	\$ 97,762	\$ 297,762	\$ 276,000	\$ 21,762
Tuition to other LEAs within the State - special	35,000	(35,000)	-	-	-
Total	235,000	62,762	297,762	276,000	21,762
Undistributed expenditures - health services					
Salaries	77,819	(17,439)	60,380	60,380	-
Purchased professional and technical services	1,750	(824)	926	804	122
Other purchased services	250	-	250	-	250
Supplies and materials	1,500	2,298	3,798	839	2,959
Total	81,319	(15,965)	65,354	62,023	3,331
Undistributed expenditures - speech, ot, pt & related services					
Salaries	15,678	(10,692)	4,986	-	4,986
Purchased professional - educational services	21,034	-	21,034	5,200	15,834
Supplies and materials	1,000	-	1,000	-	1,000
Total	37,712	(10,692)	27,020	5,200	21,820
Undistributed expend - other supp. service stds. - extra service					
Salaries	11,938	400	12,338	10,163	2,175
Supplies and materials	450	(400)	50	-	50
Total	12,388	-	12,388	10,163	2,225
Undistributed expenditures - guidance					
Salaries of other professional staff	23,683	-	23,683	15,111	8,572
Total	23,683	-	23,683	15,111	8,572

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 4,927	\$ (72)	\$ 4,855	\$ 4,187	\$ 668
Salaries of secretarial and clerical assistants	27,801	72	27,873	27,873	-
Purchased professional - educational services	53,041	-	53,041	44,954	8,087
Other purchased services	3,500	500	4,000	31	3,969
Supplies and materials	1,000	(500)	500	204	296
Total	90,269	-	90,269	77,249	13,020
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	11,497	(4,405)	7,092	7,092	-
Salaries of secretarial & clerical assist	5,000	6,794	11,794	11,794	-
Purchased professional - educational services	9,869	-	9,869	9,868	1
Supplies and materials	2,000	(2,000)	-	-	-
Total	28,366	389	28,755	28,754	1
Undistributed expenditures - edu. media service/sch. library					
Salaries	-	15,603	15,603	6,042	9,561
Salaries of technology coordinators	15,603	(15,603)	-	-	-
Other purchased services	8,420	-	8,420	4,773	3,647
Supplies and materials	2,400	-	2,400	-	2,400
Total	26,423	-	26,423	10,815	15,608
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	1,500	374	1,874	1,166	708
Other purchased services	2,000	(763)	1,237	1,092	145
Supplies and materials	100	-	100	-	100
Total	3,600	(389)	3,211	2,258	953
Undistributed expenditures - support service - general admin.					
Legal services	10,501	-	10,501	5,157	5,344
Audit fees	13,000	-	13,000	12,200	800
Other purchased professional services	44,658	-	44,658	25,658	19,000
Communications/telephone	-	107	107	107	-
Miscellaneous purchased services	8,250	(2,649)	5,601	2,827	2,774
General supplies	300	(6)	294	-	294
Miscellaneous expenditures	350	(100)	250	250	-
BOE membership dues and fees	1,975	2,648	4,623	4,623	-
Total	79,034	-	79,034	50,822	28,212
Undistributed expenditures - supp. service - school admin.					
Salaries of principals/assistant principals	37,775	(1,000)	36,775	16,719	20,056
Salaries of secretarial and clerical assistants	4,375	550	4,925	3,765	1,160
Other purchased services	1,400	(733)	667	-	667
Total	43,550	(1,183)	42,367	20,484	21,883

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - central services					
Salaries	\$ 4,975	\$ 1,029	\$ 6,004	\$ 6,004	\$ -
Purchased professional services	45,000	(37)	44,963	44,962	1
Purchased technical services	3,900	163	4,063	4,063	-
Supplies and materials	-	235	235	235	-
Other objects	-	28	28	27	1
Total	53,875	1,418	55,293	55,291	2
Undistributed expenditures - req. maint. for school facilities					
Salaries	40,132	1,900	42,032	22,720	19,312
Cleaning, repair, and maintenance services	45,699	(11,900)	33,799	25,535	8,264
General supplies	8,250	-	8,250	257	7,993
Other objects	375	-	375	-	375
Total	94,456	(10,000)	84,456	48,512	35,944
Undistributed expenditures - custodial services					
Salaries	58,576	(1,294)	57,282	54,731	2,551
Purchased professional and technical services	21,448	254	21,702	17,664	4,038
Cleaning, repair, and maintenance service	7,900	11,370	19,270	8,862	10,408
Other purchased property services	4,350	470	4,820	3,012	1,808
Insurance	18,600	(470)	18,130	12,146	5,984
Miscellaneous purchased services	750	-	750	-	750
General supplies	17,253	(316)	16,937	11,433	5,504
Energy (electricity)	19,000	(4,834)	14,166	10,005	4,161
Energy (oil)	21,000	(825)	20,175	12,826	7,349
Other objects	300	645	945	734	211
Total	169,177	5,000	174,177	131,413	42,764
Undistributed expenditures - care and upkeep of grounds					
Salaries	17,087	-	17,087	1,131	15,956
Cleaning, repair, and maintenance service	8,449	-	8,449	7,650	799
General supplies	2,000	-	2,000	-	2,000
Total	27,536	-	27,536	8,781	18,755
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	3,000	-	3,000	-	3,000
General supplies	1,000	-	1,000	-	1,000
Total	4,000	-	4,000	-	4,000

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - student transportation service					
Salaries for pupil trans (between home & school) - sp ed	\$ 24,326	\$ -	\$ 24,326	\$ 24,326	\$ -
Contract serv-aid in lieu pymts - non-public schools	3,000	-	3,000	-	3,000
Contract serv-aid in lieu pymts - choice school students	7,000	-	7,000	-	7,000
Contract service (oth. than between home & school) - vend	5,000	-	5,000	-	5,000
Contr service (between home & school) - joint agreements	21,000	-	21,000	9,269	11,731
Contract service (sp ed stds) - joint agreements	27,000	-	27,000	19,284	7,716
Total	87,326	-	87,326	52,879	34,447
Allocated benefits - employee benefits					
Regular programs - instruction					
Health benefits	151,886	(24,253)	127,633	94,481	33,152
Total	151,886	(24,253)	127,633	94,481	33,152
Special programs - instruction					
Social Security contributions	-	1,529	1,529	1,528	1
Health benefits	59,057	(3)	59,054	34,826	24,228
Total	59,057	1,526	60,583	36,354	24,229
Health services					
Health benefits	11,317	15,965	27,282	27,282	-
Total	11,317	15,965	27,282	27,282	-
Other supp services- students - extraordinary					
Health benefits	38,857	-	38,857	19,624	19,233
Total	38,857	-	38,857	19,624	19,233
Custodial services					
Health benefits	-	5,000	5,000	5,000	-
Total	-	5,000	5,000	5,000	-
Total allocated benefits - employees	\$ 261,117	\$ (1,762)	\$ 259,355	\$ 182,741	\$ 76,614
Unallocated benefits - employee benefits					
Social Security contributions	\$ 23,858	\$ (1,132)	\$ 22,726	\$ 22,288	\$ 438
Other retirement contributions - PERS	32,000	(6,232)	25,768	25,768	-
Other retirement contributions - regular	2,000	51	2,051	524	1,527
Workmen's compensation	15,575	3,073	18,648	14,819	3,829
Health benefits	27,952	10,638	38,590	38,590	-
Tuition reimbursement	3,000	(3,000)	-	-	-
Other employee benefits	9,800	(8,119)	1,681	1,681	-
Unused sick payment to terminated/retired staff	10,000	(10,000)	-	-	-
Total	124,185	(14,721)	109,464	103,670	5,794

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 188,837	\$ (188,837)
On-behalf TPAF Postretirement medical benefits	-	-	-	70,055	(70,055)
On-behalf TPAF Long-term disability insurance	-	-	-	176	(176)
Reimbursed TPAF Social Security contribution	-	-	-	42,247	(42,247)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,315</u>	<u>(301,315)</u>
 Total undistributed expenditures	 <u>\$ 1,483,016</u>	 <u>\$ 14,857</u>	 <u>\$ 1,497,873</u>	 <u>\$ 1,443,481</u>	 <u>\$ 54,392</u>
 Total current	 <u>\$ 2,323,971</u>	 <u>\$ (24,680)</u>	 <u>\$ 2,299,291</u>	 <u>\$ 2,194,213</u>	 <u>\$ 105,078</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ 2,242	\$ -	\$ 2,242	\$ 2,242	\$ -
Total equipment	<u>2,242</u>	<u>-</u>	<u>2,242</u>	<u>2,242</u>	<u>-</u>
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	1,825	-	1,825	1,825	-
Total facilities acquisition and construction service	<u>1,825</u>	<u>-</u>	<u>1,825</u>	<u>1,825</u>	<u>-</u>
 Total capital outlay	 <u>\$ 4,067</u>	 <u>\$ -</u>	 <u>\$ 4,067</u>	 <u>\$ 4,067</u>	 <u>\$ -</u>
 Total expenditures	 <u>\$ 2,328,038</u>	 <u>\$ (24,680)</u>	 <u>\$ 2,303,358</u>	 <u>\$ 2,198,280</u>	 <u>\$ 105,078</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ (35,321)</u>	 <u>\$ 24,680</u>	 <u>\$ (10,641)</u>	 <u>\$ 405,758</u>	 <u>\$ 416,399</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to fiduciary fund - board contribution	-	(24,680)	(24,680)	(24,335)	345
Total other financing sources (uses)	<u>-</u>	<u>(24,680)</u>	<u>(24,680)</u>	<u>(24,335)</u>	<u>345</u>
 Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	 (35,321)	 -	 (35,321)	 381,423	 416,744
 Fund balances, July 1	 857,110	 -	 857,110	 857,110	 -
Fund balances, June 30	<u>\$ 821,789</u>	<u>\$ -</u>	<u>\$ 821,789</u>	<u>\$ 1,238,533</u>	<u>\$ 416,744</u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (34,005)	\$ -	\$ (34,005)	\$ (34,005)	\$ -
Increase in capital reserve	-	361,342	361,342	361,342	-
Budgeted fund balance	(1,316)	(361,342)	(362,658)	54,086	416,744
Total	<u>\$ (35,321)</u>	<u>\$ -</u>	<u>\$ (35,321)</u>	<u>\$ 381,423</u>	<u>\$ 416,744</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 813,153	
Emergency reserve				19,066	
Maintenance reserve				75,000	
Committed fund balance					
Year-end encumbrances				39,076	
Unassigned fund balance				<u>292,238</u>	
Fund balance per budgetary basis				1,238,533	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(30,045)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 1,208,488</u>	

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 30,081	\$ -	\$ 30,081	\$ 30,081	\$ -
Total revenues	<u>\$ 30,081</u>	<u>\$ -</u>	<u>\$ 30,081</u>	<u>\$ 30,081</u>	<u>\$ -</u>
Expenditures					
Instruction					
Salaries	\$ 1,446	\$ -	\$ 1,446	\$ 1,446	\$ -
Total	<u>1,446</u>	<u>-</u>	<u>1,446</u>	<u>1,446</u>	<u>-</u>
Support services					
Purchased professional and technical services	28,635	-	28,635	28,635	-
Total	<u>28,635</u>	<u>-</u>	<u>28,635</u>	<u>28,635</u>	<u>-</u>
Total expenditures	<u>\$ 30,081</u>	<u>\$ -</u>	<u>\$ 30,081</u>	<u>\$ 30,081</u>	<u>\$ -</u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 2,604,038	\$ 30,081
Difference - Budget to GAAP		
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	32,817	-
State aid receivable current year	<u>(30,045)</u>	<u>-</u>
Total revenues (GAAP basis)	<u>\$ 2,606,810</u>	<u>\$ 30,081</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 2,198,280</u>	<u>\$ 30,081</u>
Total expenditures (GAAP basis)	<u>\$ 2,198,280</u>	<u>\$ 30,081</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.2632143200%	0.0024078200%	0.0032845664%	0.0030978661%	0.0029694144%	0.0021266748%	0.0232839760%	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 474,272	\$ 474,087	\$ 764,595	\$ 917,499	\$ 666,574	\$ 398,172	\$ 445,003	N/A	N/A
District's covered employee payroll	\$ 110,873	199,935	178,049	169,089	224,806	212,947	184,167	147,067	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	237.21%	266.27%	452.18%	408.13%	313.02%	216.20%	302.59%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A

N/A - Not Available

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of District's Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 25,603	\$ 23,950	\$ 30,428	\$ 27,521	\$ 25,529	\$ 17,532	\$ 17,544	\$ 17,998	\$ 18,880	\$ 20,797
Contributions in relation to the contractually required contribution	(25,603)	(23,950)	(30,428)	(27,521)	(25,529)	(17,532)	(17,544)	(17,998)	(18,880)	(20,797)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 110,873	\$ 199,935	\$ 178,049	\$ 169,089	\$ 224,806	\$ 212,947	\$ 184,167	\$ 147,067	\$ 160,384	\$ 164,645
Contributions as a percentage of covered employee payroll	23.09%	11.98%	17.09%	16.28%	11.36%	8.23%	9.53%	12.24%	11.77%	12.63%

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 5,141,056	5,015,491	5,015,491	5,239,618	5,013,924	4,650,799	4,167,901	3,804,109	N/A	N/A
Total	\$ -	\$ 5,015,491	\$ 5,015,491	\$ 5,239,618	\$ 5,013,924	\$ 4,650,799	\$ 4,167,901	\$ 3,804,109	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 775,397	\$ 912,419	\$ 876,712	\$ 820,687	\$ 725,683	\$ 705,292	\$ 748,613	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A

N/A - Not Available

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of District's Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 168,432	\$ 168,205	\$ 118,918	\$ 87,410	\$ 51,030	\$ 39,781	\$ 32,989	\$ 48,637	\$ 23,363	\$ 2,102
Contributions in relation to the contractually required contribution	(168,432)	(168,205)	(118,918)	(87,410)	(51,030)	(39,781)	(32,989)	(48,637)	(23,363)	(2,102)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 581,292	\$ 775,397	\$ 912,419	\$ 876,712	\$ 820,687	\$ 725,683	\$ 705,292	\$ 748,613	\$ 763,317	\$ 708,097
Contributions as a percentage of covered employee payroll	28.98%	21.69%	13.03%	9.97%	6.22%	5.48%	4.68%	6.50%	3.06%	0.30%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	3,670,857	4,032,614	4,769,733	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 3,670,857	\$ 4,032,614	\$ 4,769,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 975,332	\$ 1,090,468	\$ 1,045,801	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2020

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 4.86% in State fiscal year 2018 and 5.60% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal years 2018 and 2.75% in State fiscal year 2019.
- Note 3 - Changes in assumptions - PERS
The discount rate was 5.66% in State fiscal year 2018 and 6.28% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal year 2018 and 2.75% for State fiscal year 2019.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.87% in State fiscal year 2018 to 3.50% in State fiscal year 2019. The inflation rate was 2.50% for State fiscal year 2018 and 2019.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

SPECIAL REVENUE FUND

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
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	ESSA Title IIA	IDEA Basic	IDEA Preschool	Total
Revenues				
Federal sources	\$ 1,144	\$ 27,491	\$ 1,446	\$ 30,081
Total revenues	\$ 1,144	\$ 27,491	\$ 1,446	\$ 30,081
Expenditures				
Instruction				
Salaries	\$ -	\$ -	\$ 1,446	\$ 1,446
Total	-	-	1,446	1,446
Support services				
Purchased professional and technical services	1,144	27,491	-	28,635
Total	1,144	27,491	-	28,635
Total expenditures	\$ 1,144	\$ 27,491	\$ 1,446	\$ 30,081

See independent auditors' report.

CAPITAL PROJECTS FUND

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.

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

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.

See Statements B-4, B-5, B-6.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

MILFORD BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2020

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 109,828	\$ 7,092	\$ 7,180	\$ 124,100
Total assets	\$ 109,828	\$ 7,092	\$ 7,180	\$ 124,100
Liabilities				
Due to students groups	\$ -	\$ 7,092	\$ -	\$ 7,092
Payroll deductions & withholdings	-	-	454	454
Net payroll	-	-	6,726	6,726
Total liabilities	-	7,092	7,180	14,272
Net position				
Held in trust for unemployment claims & other purposes	\$ 109,828	\$ -	\$ -	\$ 109,828

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Schedule of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Board contribution	\$ 24,335
Employee withholdings	1,860
Investment earnings - interest	<u>190</u>
Total additions	26,385
Deductions	
Unemployment claims	<u>17,894</u>
Change in net position	8,491
Net position, beginning of the year	<u>101,337</u>
Net position, end of the year	<u><u>\$ 109,828</u></u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 7,107	\$ 596	\$ 611	\$ 7,092
Total assets	<u>\$ 7,107</u>	<u>\$ 596</u>	<u>\$ 611</u>	<u>\$ 7,092</u>
Liabilities				
Due to student groups	\$ 7,107	\$ 596	\$ 611	\$ 7,092
Total liabilities	<u>\$ 7,107</u>	<u>\$ 596</u>	<u>\$ 611</u>	<u>\$ 7,092</u>

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MILFORD BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 18,648	\$ 980,569	\$ 992,037	\$ 7,180
Total assets	<u>\$ 18,648</u>	<u>\$ 980,569</u>	<u>\$ 992,037</u>	<u>\$ 7,180</u>
Liabilities				
Due to other funds	\$ 1,600	\$ -	\$ 1,600	\$ -
Payroll deductions and withholdings	10,346	460,432	470,324	454
Net payroll	6,702	520,137	520,113	6,726
Total liabilities	<u>\$ 18,648</u>	<u>\$ 980,569</u>	<u>\$ 992,037</u>	<u>\$ 7,180</u>

See independent auditors' report.

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
For the Fiscal Year Ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/19	Issued	Retired	Balance 06/30/20
			Date	Amount					
Series 2009	07/15/09	\$ 480,000	7/15/20	\$ 35,000	5.13%	\$ 225,000	\$ -	\$ 35,000	\$ 190,000
			7/15/21	35,000	5.13%	-	-	-	-
			7/15/22	40,000	5.13%	-	-	-	-
			7/15/23	40,000	5.13%	-	-	-	-
			7/15/24	40,000	5.13%	-	-	-	-
						<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 190,000</u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 45,635	\$ -	\$ 45,635	\$ 45,635	\$ -
Total revenues	<u>45,635</u>	<u>-</u>	<u>45,635</u>	<u>45,635</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	35,000	-	35,000	35,000	-
Interest	10,635	-	10,635	10,635	-
Total expenditures	<u>45,635</u>	<u>-</u>	<u>45,635</u>	<u>45,635</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

MILFORD BOROUGH SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

MILFORD BOROUGH SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government activities										
Net investment in capital assets	\$ 352,635	\$ 367,969	\$ 438,675	\$ 485,534	\$ 506,905	\$ 749,823	\$ 822,976	\$ 844,239	\$ 845,923	\$ 845,936
Restricted	13,815	215,520	83,722	226,165	373,659	291,147	273,102	423,102	545,877	907,219
Unrestricted	202,965	272,105	289,262	(295,982)	(242,968)	(303,971)	(402,758)	(449,565)	(441,516)	(394,576)
Total governmental activities	<u>\$ 569,415</u>	<u>\$ 855,594</u>	<u>\$ 811,659</u>	<u>\$ 415,717</u>	<u>\$ 637,596</u>	<u>\$ 736,999</u>	<u>\$ 693,320</u>	<u>\$ 817,776</u>	<u>\$ 950,284</u>	<u>\$ 1,358,579</u>
Business-type activities										
Net investment in capital assets	\$ 4,368	\$ 6,196	\$ 5,607	\$ 5,019	\$ 4,431	\$ 3,843	\$ 3,792	\$ 3,247	\$ 2,702	\$ 2,156
Unrestricted	6,326	11,087	22,617	19,240	13,861	6,176	7,235	12,253	6,280	-
Total business-type activities	<u>\$ 10,694</u>	<u>\$ 17,283</u>	<u>\$ 28,224</u>	<u>\$ 24,259</u>	<u>\$ 18,292</u>	<u>\$ 10,019</u>	<u>\$ 11,027</u>	<u>\$ 15,500</u>	<u>\$ 8,982</u>	<u>\$ 2,156</u>
District-wide										
Net investment in capital assets	\$ 357,003	\$ 374,165	\$ 444,282	\$ 490,553	\$ 511,336	\$ 753,666	\$ 826,768	\$ 847,486	\$ 848,625	\$ 848,092
Restricted	13,815	215,520	83,722	226,165	373,659	291,147	273,102	423,102	545,877	907,219
Unrestricted	209,291	283,192	311,879	(276,742)	(229,107)	(297,795)	(395,523)	(437,312)	(435,236)	(394,576)
Total district-wide	<u>\$ 580,109</u>	<u>\$ 872,877</u>	<u>\$ 839,883</u>	<u>\$ 439,976</u>	<u>\$ 655,888</u>	<u>\$ 747,018</u>	<u>\$ 704,347</u>	<u>\$ 833,276</u>	<u>\$ 959,266</u>	<u>\$ 1,360,735</u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 802,131	\$ 848,431	\$ 930,268	\$ 960,311	\$ 1,042,003	\$ 1,046,780	\$ 1,301,717	\$ 1,310,946	\$ 1,645,259	\$ 1,121,409
Special education	258,421	288,379	288,298	319,513	306,097	344,532	171,231	194,963	273,973	271,676
Other instruction	18,207	21,188	23,862	33,059	23,419	74,096	47,624	76,708	25,410	2,031
Support services										
Tuition	170,910	83,704	143,461	113,397	150,041	130,450	119,434	71,587	61,700	276,000
Student & instruction related services	384,545	390,366	402,995	402,568	526,520	474,697	628,549	611,220	561,088	370,505
General & business administrative services	141,342	168,193	155,154	128,779	119,885	123,848	138,204	138,481	105,706	110,419
School administration	43,577	48,247	51,060	42,457	70,726	71,273	81,600	72,546	34,751	182,933
Plant operations & maintenance	162,360	219,709	209,420	227,639	176,776	254,049	323,959	323,213	262,086	215,815
Pupil transportation	140,387	114,722	117,450	100,701	122,971	123,621	160,778	88,684	51,536	61,309
Interest on long-term debt	15,826	25,177	22,006	21,531	19,870	18,032	16,496	14,958	13,420	11,638
Total governmental activities expenses	<u>2,137,706</u>	<u>2,208,116</u>	<u>2,343,974</u>	<u>2,349,955</u>	<u>2,558,308</u>	<u>2,661,378</u>	<u>2,989,592</u>	<u>2,903,306</u>	<u>3,034,929</u>	<u>2,623,735</u>
Business-type activities										
Food services	34,277	42,667	43,705	45,630	34,007	34,830	31,811	27,361	31,104	546
Total business-type activities	<u>34,277</u>	<u>42,667</u>	<u>43,705</u>	<u>45,630</u>	<u>34,007</u>	<u>34,830</u>	<u>31,811</u>	<u>27,361</u>	<u>31,104</u>	<u>546</u>
Total district expenses	<u>\$ 2,171,983</u>	<u>\$ 2,250,783</u>	<u>\$ 2,387,679</u>	<u>\$ 2,395,585</u>	<u>\$ 2,592,315</u>	<u>\$ 2,696,208</u>	<u>\$ 3,021,403</u>	<u>\$ 2,930,667</u>	<u>\$ 3,066,033</u>	<u>\$ 2,624,281</u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues										
Governmental activities										
Charges for services	\$ 60,596	\$ 49,808	\$ 51,035	\$ 51,227	\$ 67,848	\$ 42,721	\$ 42,965	\$ 60,825	\$ 79,792	\$ 34,861
Operating grants & contributions	73,753	49,248	61,709	69,489	58,216	46,724	53,290	44,147	51,322	30,081
Total governmental activities										
program revenues	<u>134,349</u>	<u>99,056</u>	<u>112,744</u>	<u>120,716</u>	<u>126,064</u>	<u>89,445</u>	<u>96,255</u>	<u>104,972</u>	<u>131,114</u>	<u>64,942</u>
Business-type activities										
Charges for services										
Food service	21,284	23,124	20,351	20,443	19,706	17,000	15,140	12,701	14,558	-
Operating grants & contributions	7,975	7,722	15,417	15,436	8,334	9,557	9,023	7,133	10,028	-
Total business-type activities										
program revenues	<u>29,259</u>	<u>30,846</u>	<u>35,768</u>	<u>35,879</u>	<u>28,040</u>	<u>26,557</u>	<u>24,163</u>	<u>19,834</u>	<u>24,586</u>	<u>-</u>
Total district - program revenues	<u>\$ 163,608</u>	<u>\$ 129,902</u>	<u>\$ 148,512</u>	<u>\$ 156,595</u>	<u>\$ 154,104</u>	<u>\$ 116,002</u>	<u>\$ 120,418</u>	<u>\$ 124,806</u>	<u>\$ 155,700</u>	<u>\$ 64,942</u>
Net (expense) revenues										
Governmental activities	\$ (2,003,357)	\$ (2,109,060)	\$ (2,231,230)	\$ (2,229,239)	\$ (2,432,244)	\$ (2,571,933)	\$ (2,893,337)	\$ (2,798,334)	\$ (2,903,815)	\$ (2,558,793)
Business-type activities	<u>(5,018)</u>	<u>(11,821)</u>	<u>(7,937)</u>	<u>(9,751)</u>	<u>(5,967)</u>	<u>(8,273)</u>	<u>(7,648)</u>	<u>(7,527)</u>	<u>(6,518)</u>	<u>(546)</u>
Total district-wide net expenses	<u>\$ (2,008,375)</u>	<u>\$ (2,120,881)</u>	<u>\$ (2,239,167)</u>	<u>\$ (2,238,990)</u>	<u>\$ (2,438,211)</u>	<u>\$ (2,580,206)</u>	<u>\$ (2,900,985)</u>	<u>\$ (2,805,861)</u>	<u>\$ (2,910,333)</u>	<u>\$ (2,559,339)</u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 1,693,885	\$ 1,690,000	\$ 1,722,955	\$ 1,753,938	\$ 1,783,737	\$ 1,819,400	\$ 1,855,788	\$ 1,887,914	\$ 1,887,914	\$ 1,906,793
Taxes levied for debt service	47,761	46,759	45,748	49,653	48,281	44,725	45,375	43,838	42,300	45,635
Unrestricted grants & contributions	342,642	415,287	448,413	458,581	708,734	799,973	957,761	993,609	1,101,116	998,102
Capital grants - unallocated	-	228,240	-	-	104,000	-	-	-	-	-
Investment earnings	462	237	122	203	315	-	-	-	-	-
Miscellaneous income	10,455	12,412	9,645	11,723	9,056	7,391	2,737	9,429	4,993	16,558
Grant funds deobligated	-	-	-	(7,320)	-	-	(2,003)	-	-	-
Prior year adjustment - capital projects interest income	-	-	-	(237)	-	-	-	-	-	-
Operating transfer	(4,580)	(18,407)	(18,877)	(5,785)	-	-	(10,000)	(12,000)	-	-
Special item - gain/(loss) on disposal of assets	-	-	-	-	-	(153)	-	-	-	-
Total governmental activities	2,090,625	2,374,528	2,208,006	2,260,756	2,654,123	2,671,336	2,849,658	2,922,790	3,036,323	2,967,088
Business-type activities										
Investment earnings	3	3	1	1	-	-	-	-	-	-
Special item - gain/(loss) on disposal of assets/operations	-	-	-	-	-	-	(1,344)	-	-	(6,280)
Operating transfer	4,580	18,407	18,877	5,785	-	-	10,000	12,000	-	-
Total business-type activities	4,583	18,410	18,878	5,786	-	-	8,656	12,000	-	(6,280)
Total district-wide	\$ 2,095,208	\$ 2,392,938	\$ 2,226,884	\$ 2,266,542	\$ 2,654,123	\$ 2,671,336	\$ 2,858,314	\$ 2,934,790	\$ 3,036,323	\$ 2,960,808
Change in net position										
Governmental activities	\$ 87,268	\$ 265,468	\$ (23,224)	\$ 31,517	\$ 221,879	\$ 99,403	\$ (43,679)	\$ 124,456	\$ 132,508	\$ 408,295
Business-type activities	(435)	6,589	10,941	(3,965)	(5,967)	(8,273)	1,008	4,473	(6,518)	(6,826)
Total district	\$ 86,833	\$ 272,057	\$ (12,283)	\$ 27,552	\$ 215,912	\$ 91,130	\$ (42,671)	\$ 128,929	\$ 125,990	\$ 401,469

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Restricted	\$ 45,000	\$ 48,473	\$ 123,473	\$ 223,978	\$ 114,944	\$ 254,944	\$ 273,102	\$ 423,102	\$ 545,877	\$ 907,219
Committed	158,252	141,415	126,095	9,105	15,894	18,484	917	-	34,005	39,076
Assigned	-	20,611	-	18,425	50,787	20,787	-	9,908	1,316	-
Unassigned	209,530	259,459	200,374	172,088	217,423	189,416	212,075	241,736	243,095	262,193
Total general fund	<u>\$ 412,782</u>	<u>\$ 469,958</u>	<u>\$ 449,942</u>	<u>\$ 423,596</u>	<u>\$ 399,048</u>	<u>\$ 483,631</u>	<u>\$ 486,094</u>	<u>\$ 674,746</u>	<u>\$ 824,293</u>	<u>\$ 1,208,488</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ (190,318)	\$ 28,222	\$ (37,162)	\$ -	\$ 256,528	\$ 36,203	\$ -	\$ -	\$ -	\$ -
Assigned, reported in										
Capital projects fund	881	883	884	-	-	-	-	-	-	-
Debt service fund	-	-	-	2,187	2,187	-	-	-	-	-
Total all other governmental funds	<u>\$ (189,437)</u>	<u>\$ 29,105</u>	<u>\$ (36,278)</u>	<u>\$ 2,187</u>	<u>\$ 258,715</u>	<u>\$ 36,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 1,741,646	\$ 1,736,759	\$ 1,768,703	\$ 1,803,591	\$ 1,832,018	\$ 1,864,125	\$ 1,901,163	\$ 1,931,752	\$ 1,930,214	\$ 1,952,428
Other local governmental units	-	-	-	-	-	5,369	3,650	3,750	3,840	-
Tuition charges	56,253	46,864	49,126	46,359	64,412	37,352	39,315	57,075	75,952	34,861
Interest earnings	462	237	122	203	315	-	-	-	-	-
Miscellaneous	14,798	15,356	11,554	16,591	17,484	7,391	2,737	10,239	4,993	16,558
State sources	342,642	404,751	448,413	458,581	484,462	516,000	579,031	630,635	656,822	648,598
State sources - capital grants	-	228,240	-	(7,320)	104,000	-	-	-	-	-
Federal sources	73,753	59,784	61,709	69,489	53,224	46,724	53,290	43,337	51,322	30,081
Total revenues	2,229,554	2,491,991	2,339,627	2,387,494	2,555,915	2,476,961	2,579,186	2,676,788	2,723,143	2,682,526
Expenditures										
Instruction										
Regular instruction	614,998	654,650	682,742	687,590	656,977	694,690	778,012	796,026	784,720	723,717
Special education instruction	190,987	199,600	207,740	217,792	215,532	209,577	102,039	117,169	119,016	157,322
Other special instruction	-	6,252	6,220	9,561	206	-	-	-	-	-
Other instruction	16,372	20,828	22,324	31,298	23,048	29,869	29,587	19,989	21,206	1,974
Support services										
Tuition	170,910	83,704	143,461	113,397	150,041	130,450	119,434	71,587	61,700	276,000
Student & inst related services	341,826	337,103	354,815	356,914	414,923	367,268	419,731	386,194	343,997	287,114
General administration	82,354	80,970	81,807	77,558	64,550	62,011	70,558	66,670	49,106	50,822
School administration services	34,583	38,522	37,218	36,829	45,153	46,966	47,237	40,444	32,408	20,484
Central services	55,434	59,642	63,272	48,646	49,928	47,600	49,188	47,892	48,905	55,291
Plant operations & maintenance	128,092	182,940	176,026	210,610	156,949	176,763	228,612	190,973	213,123	193,706
Pupil transportation	138,920	108,183	104,871	89,678	113,549	86,221	94,813	61,949	41,418	52,879
Employee benefits	223,128	233,843	248,800	257,334	242,517	271,496	313,424	338,984	436,670	103,670
On-behalf TPAF Pension & Social Security contribution	100,630	127,812	159,552	139,438	156,282	171,700	224,530	262,200	300,325	301,315
Capital outlay	-	-	-	36,190	7,527	24,041	60,264	30,396	12,881	2,242
Capital projects	100,143	9,700	65,384	-	3,472	219,326	20,122	-	-	-
Debt service										
Principal	25,210	25,210	25,210	30,212	30,000	30,000	30,000	30,000	30,000	35,000
Interest & other charges	23,998	22,407	21,707	21,306	18,281	16,912	15,375	15,663	14,125	12,460
Total expenditures	2,247,585	2,191,366	2,401,149	2,364,353	2,348,935	2,584,890	2,602,926	2,476,136	2,509,600	2,273,996

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess (deficiency) of revenues over (under) expenditures	\$ (18,031)	\$ 300,625	\$ (61,522)	\$ 23,141	\$ 206,980	\$ (107,929)	\$ (23,740)	\$ 200,652	\$ 213,543	\$ 408,530
Other financing sources (uses)										
Prior year adjustment - capital project interest income	-	-	-	(237)	-	-	-	-	-	-
Transfers in (out)	(24,580)	(24,907)	(23,877)	(10,785)	(5,000)	-	(10,000)	(12,000)	(63,996)	(24,335)
Total other financing sources (uses)	(24,580)	(24,907)	(23,877)	(11,022)	(5,000)	-	(10,000)	(12,000)	(63,996)	(24,335)
Net change in fund balances	<u>\$ (42,611)</u>	<u>\$ 275,718</u>	<u>\$ (85,399)</u>	<u>\$ 12,119</u>	<u>\$ 201,980</u>	<u>\$ (107,929)</u>	<u>\$ (33,740)</u>	<u>\$ 188,652</u>	<u>\$ 149,547</u>	<u>\$ 384,195</u>
Debt service as a percentage of non-capital expenditures	2.35%	2.23%	2.05%	2.26%	2.11%	2.04%	1.83%	1.90%	1.80%	2.13%

Source: District Records

Note: Non-capital expenditures are total expenditures less capital outlay.

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Interest income	\$ 459	\$ 235	\$ 121	\$ 203	\$ 315	\$ 373	\$ 407	\$ 1,664	\$ 2,796	\$ 2,477
Tuition	56,253	46,864	49,126	46,359	64,412	46,102	39,315	57,075	75,952	34,861
Milford - custodial services	4,308	2,944	1,684	3,368	3,436	5,369	3,650	3,750	3,840	-
Refunds	3,493	-	-	-	-	1,113	-	2,003	-	-
Before & after care	6,279	7,194	9,401	7,308	-	-	-	-	-	-
Contributions	478	1,219	-	-	-	404	100	490	200	-
Miscellaneous other	240	742	244	465	464	158	126	667	370	581
Transportation services	-	-	-	1,500	-	-	-	-	-	-
Building use fees	-	-	225	-	-	-	-	-	1,164	-
Insurance settlement	-	3,257	-	-	4,960	-	-	-	-	-
Sale of assets	-	-	-	2,500	-	-	-	-	-	13,500
Prior year refunds	-	-	-	1,450	1,602	(4,220)	607	3,950	463	-
E-rate refunds	-	-	-	-	2,030	813	1,497	121	-	-
Prior year adjustment	-	-	-	-	-	-	-	534	-	-
Annual totals	\$ 71,510	\$ 62,455	\$ 60,801	\$ 63,153	\$ 77,219	\$ 50,112	\$ 45,702	\$ 70,254	\$ 84,785	\$ 51,419

Source: District Records

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vacant land	\$ 2,647,800	\$ 2,634,300	\$ 2,580,300	\$ 2,265,200	\$ 2,265,200	\$ 2,179,300	\$ 2,138,600	\$ 2,131,000	\$ 2,131,700	\$ 2,131,700
Residential	95,320,400	95,332,200	94,829,000	94,913,600	94,625,300	94,300,400	94,080,271	94,617,171	94,533,071	95,139,271
Farm regular	1,408,800	1,408,800	1,408,800	1,418,800	1,418,800	1,418,800	1,418,800	1,418,800	1,177,300	1,166,400
Q farm	21,100	21,100	21,100	21,900	21,900	21,900	21,900	21,900	21,900	21,500
Commercial	12,444,170	12,759,270	12,759,270	12,759,270	12,447,070	12,447,070	12,447,070	12,377,670	13,026,370	13,043,770
Industrial	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000	1,985,800
Apartment	3,238,200	3,238,200	3,238,200	3,238,200	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
Total assessed value	117,072,470	117,385,870	116,828,670	116,608,970	115,670,270	115,259,470	114,998,641	115,458,541	115,782,341	116,388,441
Public utilities (a)	229,368	241,622	222,189	182,366	188,786	182,807	182,071	178,706	179,792	183,074
Net valuation taxable	\$ 117,301,838	\$ 117,627,492	\$ 117,050,859	\$ 116,791,336	\$ 115,859,056	\$ 115,442,277	\$ 115,180,712	\$ 115,637,247	\$ 115,962,133	\$ 116,571,515
Estimated actual county equalized value	\$ 145,752,781	\$ 128,892,715	\$ 117,673,350	\$ 114,247,660	\$ 109,034,434	\$ 117,010,214	\$ 116,203,301	\$ 119,509,453	\$ 123,429,625	\$ 122,862,052
Percentage of net valuation to estimated actual equalized value	80.48%	91.26%	99.47%	102.23%	106.26%	98.66%	99.12%	96.76%	93.95%	94.88%
Total direct school tax rate (b)	\$ 1.48	\$ 1.51	\$ 1.54	\$ 1.57	\$ 1.65	\$ 1.65	\$ 1.68	\$ 1.67	\$ 1.68	\$ 1.71

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 equipment of telephone and messenger system companies
(b) Tax rates are per \$100

See independent auditors' report.

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			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	
2011	\$ 1.440	\$ 0.040	\$ 1.480	\$ 0.660	\$ 0.680	\$ 0.420	\$ 3.240
2012	1.470	0.040	1.510	0.510	0.690	0.370	3.080
2013	1.500	0.040	1.540	0.530	0.700	0.350	3.120
2014	1.530	0.040	1.570	0.610	0.710	0.350	3.240
2015	1.610	0.040	1.650	0.610	0.710	0.340	3.310
2016	1.608	0.039	1.647	0.668	0.716	0.359	3.390
2017	1.638	0.040	1.678	0.774	0.730	0.358	3.540
2018	1.632	0.038	1.670	1.008	0.739	0.373	3.790
2019	1.647	0.037	1.684	0.877	0.750	0.381	3.692
2020	1.666	0.040	1.706	0.678	0.760	0.380	3.524

Sources: Municipal Tax Collector

Note: N.J.S.A. 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 pre-budget 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.

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago

	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Pinecrest Village Association	\$ 2,900,000	1	2.49%	\$ 3,238,200	1
International Paper Company	1,336,600	2	1.15%	1,336,600	2	1.14%
Hunterdon Medical Center Finance Dept	1,131,000	3	0.97%	1,131,000	3	0.96%
60 Bridge Street LLC	805,500	4	0.69%	702,100	4	0.60%
60 Bridge Street LLC	702,100	5	0.60%	490,400	8	0.42%
Individual Property Owner	573,700	6	0.49%	539,100	6	0.46%
Individual Property Owner	539,100	7	0.46%	463,600	9	0.40%
Stem Brothers	523,700	8	0.45%	523,700	7	0.45%
Individual Property Owner	504,800	9	0.43%	-	-	-
Ingashdwe Trust	485,400	10	0.42%	-	-	-
Peter Trustee Keri	-	-	-	573,700	5	0.49%
Little Kids NJ Partnership	-	-	-	462,500	10	0.39%
	<u>\$ 9,501,900</u>		<u>8.15%</u>	<u>\$ 9,460,900</u>		<u>8.07%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2011	\$ 1,741,646	\$ 1,741,646	100.00%
2012	1,736,759	1,736,759	100.00%
2013	1,768,703	1,768,703	100.00%
2014	1,803,591	1,803,591	100.00%
2015	1,832,018	1,832,018	100.00%
2016	1,864,125	1,864,125	100.00%
2017	1,901,163	1,901,163	100.00%
2018	1,931,752	1,931,752	100.00%
2019	1,930,214	1,930,214	100.00%
2020	1,952,428	1,952,428	100.00%

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

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

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2011	\$ 455,632	\$ 632	\$ 40,833	\$ -	\$ -	\$ 497,097	0.58%	\$ 404	
2012	430,422	422	31,267	-	-	462,111	0.53%	378	
2013	405,212	212	21,285	-	-	426,709	0.47%	351	
2014	375,000	-	10,869	-	-	385,869	0.42%	319	
2015	345,000	-	-	-	-	345,000	0.36%	286	
2016	315,000	-	-	-	-	315,000	0.32%	262	
2017	285,000	-	-	-	-	285,000	0.29%	239	
2018	255,000	-	-	-	-	255,000	0.25%	214	
2019	225,000	-	-	-	-	225,000	0.21%	190	
2020	190,000	-	-	-	-	190,000	N/A	161	

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

N/A Information is not available

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 455,632	\$ -	\$ 455,632	0.39%	\$ 370
2012	430,422	-	430,422	0.37%	352
2013	405,212	-	405,212	0.35%	333
2014	375,000	-	375,000	0.32%	310
2015	345,000	-	345,000	0.30%	286
2016	315,000	-	315,000	0.27%	262
2017	285,000	-	285,000	0.25%	239
2018	255,000	-	255,000	0.22%	214
2019	225,000	-	225,000	0.19%	190
2020	190,000	-	190,000	0.16%	161

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial statements.

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

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Governmental unit			
Debt repaid with property taxes			
Municipality	\$ 806,771	100.00%	\$ 806,771
Regional High School	-	5.11%	-
County general obligation debt	85,870,478	0.56%	<u>481,317</u>
Subtotal, overlapping debt			1,288,088
School district direct debt			<u>190,000</u>
Total direct and overlapping debt			<u><u>\$ 1,478,088</u></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.

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2020

		Equalized Valuation Basis
	2019	\$ 122,030,292
	2018	122,893,710
	2017	118,849,360
		\$ 363,773,362
Average equalized valuation of taxable property		\$ 121,257,787
Debt limit (3.0% of average equalization value)	(a)	\$ 3,637,734
Total net debt applicable to limit		190,000
Legal debt margin		\$ 3,447,734

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt limit	\$ 3,412,505	\$ 3,432,530	\$ 3,523,734	\$ 3,580,258	\$ 3,637,734
Total net debt applicable	315,000	285,000	255,000	225,000	190,000
Legal debt margin	\$ 3,097,505	\$ 3,147,530	\$ 3,268,734	\$ 3,355,258	\$ 3,447,734
Total net debt applicable to the limit as a percentage of debt limit	9.23%	8.30%	7.24%	6.28%	5.22%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt limit	\$ 4,571,348	\$ 4,267,853	\$ 3,921,201	\$ 3,605,761	\$ 3,420,205
Total net debt applicable	646,032	620,822	595,612	375,000	345,000
Legal debt margin	\$ 3,925,316	\$ 3,647,031	\$ 3,325,589	\$ 3,230,761	\$ 3,075,205
Total net debt applicable to the limit as a percentage of debt limit	14.13%	14.55%	15.19%	10.40%	10.09%

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

(a) Limit set by N.J.S.A. 18A:24-19

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2011	1,231	\$ 86,230,319	\$ 70,049	12.5%
2012	1,222	87,916,790	71,945	12.9%
2013	1,216	91,489,408	75,238	5.9%
2014	1,211	90,906,137	75,067	5.1%
2015	1,206	94,854,312	78,652	5.2%
2016	1,202	97,430,514	81,057	4.7%
2017	1,194	99,872,130	83,645	3.3%
2018	1,190	101,100,020	84,958	3.3%
2019	1,186	N/A	N/A	3.8%
2020	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 U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2020

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2011

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction	14.60	14.80	14.60	16.26	16.65	16.53	15.65	16.40	15.42	13.10
Related services	3.20	3.20	2.90	2.89	2.00	2.00	2.04	1.40	2.54	1.70
General administration	0.40	0.40	0.40	0.40	0.49	0.49	0.49	0.49	0.09	0.30
School administration services	0.70	0.70	0.42	0.41	0.51	0.71	0.81	0.92	0.51	0.40
Business office	0.60	0.60	0.47	0.36	0.46	0.46	0.46	0.58	0.27	0.30
Building maintenance	1.80	1.80	1.26	1.26	1.26	1.26	1.47	1.55	1.82	1.82
Transportation	0.30	0.30	0.76	0.62	0.62	0.62	0.62	0.55	0.15	0.15
Total	21.60	21.80	20.81	22.20	21.99	22.07	21.54	21.89	20.80	17.77

Source: District Personnel Records

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
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	14.78%	14.6	1 to 7.81	115.4	109.1	-5.41%	94.54%
2014	107	2,276,645	21,277	5.97%	13.2	1 to 8.11	107.0	105.5	-7.28%	98.60%
2015	95	2,289,655	24,102	13.28%	13.6	1 to 6.99	94.7	92.4	-11.50%	97.57%
2016	89	2,294,611	25,782	6.97%	13.8	1 to 6.45	92.1	89.3	-2.75%	96.98%
2017	81	2,477,165	30,582	18.62%	13.8	1 to 5.87	80.7	77.9	-12.38%	96.53%
2018	75	2,400,077	32,001	4.64%	13.8	1 to 5.43	74.9	69.4	-7.19%	92.66%
2019	88	2,452,594	27,870	-12.91%	12.8	1 to 6.88	85.3	81.7	13.89%	95.78%
2020	63	2,224,294	35,306	26.68%	9.4	1 to 6.70	62.8	59.9	-26.38%	95.35%

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.

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

<u>District Building</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<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	116.0	122.0	114.0	107.0	92.0	89.0	75.0	65.0	80.0	62.8

<u>Number of schools at June 30, 2020:</u>	
Elementary	1

Source: District Facilities Office

Note: 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.

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ended</u>	<u>Amount</u>	<u>Total</u>
2011	\$ 25,392	25,392
2012	49,842	49,842
2013	64,552	64,552
2014	70,996	70,996
2015	24,377	24,377
2016	39,575	39,575
2017	70,384	70,384
2018	53,264	53,264
2019	77,909	77,909
2020	48,512	48,512
Total school facilities	<u>\$ 524,803</u>	<u>\$ 524,803</u>

Source: District Records

Notes: School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Insurance Schedule
June 30, 2020
(Unaudited)

	<u>Coverage</u>
School Package Policy - School Alliance Insurance Fund	
Property - Blanket Building and Contents (Policy Limit)	\$ 4,586,789
Comprehensive General Liability (Policy Limit)	5,000,000
Excess Liability (Policy Limit)	10,000,000
Blanket Dishonesty Bond (Policy Limit)	500,000
 Boiler & Machinery - School Alliance Insurance Fund	
Property Damage	100,000,000
 School Board Legal Liability - School Alliance Insurance Fund	
Directors and Officers Policy	15,000,000
 Workers Compensation - NJ Schools Insurance Group	
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

See independent auditors' report.

SINGLE AUDIT SECTION



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

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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Milford Borough School District, County of Hunterdon, the State of New Jersey (the District), as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 8, 2021
Flemington, New Jersey

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/19	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2020				
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education																	
Special Revenue Fund																	
Title II A	84.367A	S367A190029	ESSA-3180-20	\$ 1,144	07/01/19	06/30/20	\$ -	\$ -	\$ 1,144	\$ 1,144	\$ -	\$ -	\$ -	\$ -	\$ -		
IDEA Basic	84.027	H027A190100	IDEA-3180-20	27,491	07/01/19	06/30/20	-	-	24,756	27,491	-	-	(2,735)	-	-		
IDEA Preschool	84.173	H173S190114	IDEA-3180-20	1,446	07/01/19	06/30/20	-	-	1,446	1,446	-	-	-	-	-		
Total Special Revenue Fund							<u>-</u>	<u>-</u>	<u>27,346</u>	<u>30,081</u>	<u>-</u>	<u>-</u>	<u>(2,735)</u>	<u>-</u>	<u>-</u>		
U.S. Department of Agriculture passed through State Department of Agriculture																	
Enterprise Fund																	
Child Nutrition Center																	
National School Lunch Program																	
Non-Cash Assistance (Commodities)	10.555	191NJ304N1099	N/A	1,884	10/01/18	09/30/19	122	-	-	122	-	-	-	-	-		
National School Lunch Program																	
Cash Assistance	10.555	191NJ304N1099	N/A	7,517	10/01/18	09/30/19	(417)	-	417	-	-	-	-	-	-		
Total Enterprise Fund							<u>(295)</u>	<u>-</u>	<u>417</u>	<u>122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Total Federal Awards							<u>\$ (295)</u>	<u>\$ -</u>	<u>\$ 27,763</u>	<u>\$ 30,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,735)</u>	<u>\$ -</u>	<u>\$ -</u>		

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019		Cash Received	Budgetary Expenditure	Adjustments/Repayments	Balance June 30, 2020			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Equalization Aid	20-495-034-5120-078	\$ 181,211	07/01/19	06/30/20	\$ -	\$ -	\$ 199,223	\$ 181,211	\$ -	\$ -	\$ -	\$ -	\$ 18,012	\$ 181,211
School Choice Aid	20-495-034-5120-068	68,650	07/01/19	06/30/20	-	-	75,473	68,650	-	-	-	-	6,823	68,650
Special Education Categorical Aid	20-495-034-5120-089	52,412	07/01/19	06/30/20	-	-	57,622	52,412	-	-	-	-	5,210	52,412
Extraordinary Aid	20-495-034-5120-014	42,238	07/01/19	06/30/20	-	-	-	42,238	-	(42,238)	-	-	-	42,238
Extraordinary Aid	19-495-034-5120-014	25,335	07/01/18	06/30/19	(2,335)	-	2,335	-	-	-	-	-	-	25,335
Non-Public Transportation Aid	19-495-034-5120-014	580	07/01/18	06/30/19	(580)	-	580	-	-	-	-	-	-	580
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002	185,512	07/01/19	06/30/20	-	-	185,512	185,512	-	-	-	-	-	185,512
On-Behalf TPAF Pension Contribution - Non-Contribution Insurance	20-495-034-5094-004	3,325	07/01/19	06/30/20	-	-	3,325	3,325	-	-	-	-	-	3,325
On-Behalf TPAF Pension Contribution - Post Retirement Medical	20-495-034-5094-001	70,055	07/01/19	06/30/20	-	-	70,055	70,055	-	-	-	-	-	70,055
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-004	176	07/01/19	06/30/20	-	-	176	176	-	-	-	-	-	176
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	42,247	07/01/19	06/30/20	-	-	39,973	42,247	-	(2,274)	-	-	-	42,247
Total General Fund					<u>(2,915)</u>	<u>-</u>	<u>634,274</u>	<u>645,826</u>	<u>-</u>	<u>(44,512)</u>	<u>-</u>	<u>-</u>	<u>30,045</u>	<u>671,741</u>
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	19-100-010-3350-023	316	07/01/18	06/30/19	(17)	-	17	-	-	-	-	-	-	316
Total Enterprise Fund					<u>(17)</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316</u>
Total State Financial Assistance					<u>\$ (2,932)</u>	<u>\$ -</u>	<u>\$ 634,291</u>	<u>645,826</u>	<u>\$ -</u>	<u>\$ (44,512)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,045</u>	<u>\$ 672,057</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002							185,512						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004							3,325						
On-Behalf TPAF Pension Contribution - Postretirement Medical	20-495-034-5094-001							70,055						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-004							176						
Total for State Financial Assistance - Major Program Determination								<u>\$ 386,758</u>						

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Milford Borough School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State 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 District's basic financial statements.

Note 3 - Relationship of financial statements

The basic 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the 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 \$2,772 for the general fund and \$0 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.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 3 - Relationship of financial statements (continued)

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

	Federal	State	Total
General fund	\$ -	\$ 648,598	\$ 648,598
Special revenue fund	30,081	-	30,081
Total awards and financial assistance	\$ 30,081	\$ 648,598	\$ 678,679

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, 2020. 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, 2020.

Note 6 - Indirect costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs?

Did the auditee qualify as a low-risk auditee?

Yes No

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs?

Not Applicable

Did the auditee qualify as a low-risk auditee?

Yes No

Internal Control Over Major Programs:

1. Were material weakness(es) identified?

Yes No

2. Were there significant deficiencies identified that are not considered to be material weaknesses?

Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable?

Yes No

Identification of Major Programs:

State Grant/Project Numbers
<i>Not Applicable</i>

Name of State Program

**MILFORD BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Cost - Section II and III
For the Fiscal Year Ended June 30, 2020**

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2020.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the fiscal year ended June 30, 2020.

**MILFORD BOROUGH SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2020**

Status of Prior Year Findings

There were no prior year findings or questioned costs.