

**MILFORD BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2022**

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



**MILFORD BOROUGH  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**

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**MILFORD BOROUGH  
SCHOOL DISTRICT**

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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*

February 15, 2023

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

The Annual Comprehensive Financial Report of the Milford Borough School District (the District) for the fiscal year ended June 30, 2022, 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 Annual Comprehensive 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 2021-2022 fiscal year with an enrollment of 56 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>
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%
2020-2021	53.0	-15.65%
2021-2022	56.1	5.83%

## **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. We will continue to use the 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, 2022.

#### **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, 2022.



**8) DEBT ADMINISTRATION**

At June 30, 2022, the District had outstanding debt issues of \$120,000 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**

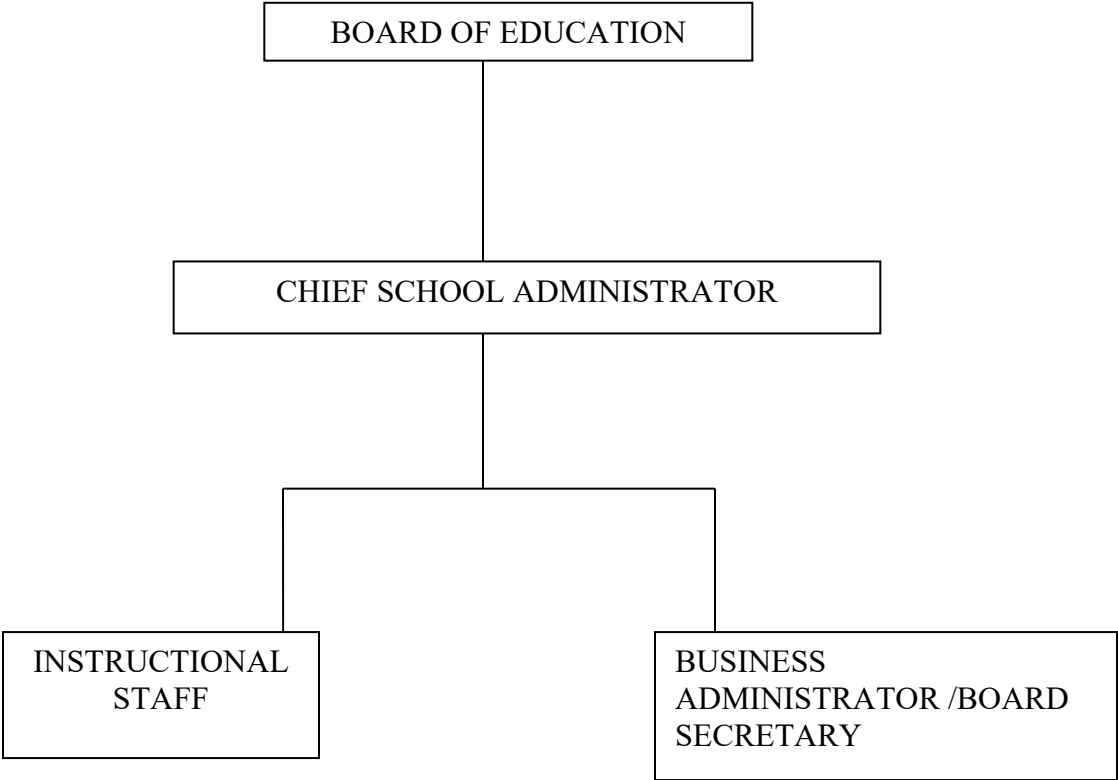
We would like to express our appreciation to the members of Milford Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. 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, 2022**

<b>Members of the Board of Education</b>	<b>Title</b>	<b>Term Expires</b>
Laura Hanson	President	2023
Angela Caban	Vice President	2022
Benjamin Cramer		2022
Teresa Kane		2023

<b>Other Officials</b>	<b>Title</b>
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, 2022**

**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**

Investors Bank  
101 Wood Ave S  
Iselin, NJ 08830



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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## Independent Auditors' Report

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

### Report on the Financial Statements

#### Opinion

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, 2022, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

#### Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management 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, and for 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### 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 is the responsibility of Management and, 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.

### Supplementary 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 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 presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The 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 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.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023, 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 Holk, CPA, PSA  
NO. 20CS00265600

February 15, 2023  
Flemington, New Jersey



**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**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, 2022. 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 2022 are as follows:

- In total, net position increased \$547,847, which represents a 26.37% increase from 2021.
- General revenues accounted for \$3,038,867 in revenue or 95.16% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$154,398 or 4.84% to total revenues of \$3,193,265.
- Total assets of governmental activities increased by \$406,725. As cash and cash equivalents increased by \$441,218, receivables and other assets decreased by \$11,921 and capital assets decreased by \$22,572.
- The School District had \$2,645,418 in expenses; only \$154,398 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$3,038,867, were adequate to provide for these expenses.
- Among major funds, the general fund had \$2,674,527 in revenues, \$2,258,861 in expenditures. The general fund's balance increased \$415,666 from 2021.

**Using this Annual Comprehensive Financial Report (ACFR)**

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, 2022**  
**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 2022?" 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, 2022**  
**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, 2022**  
**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, 2022 compared to June 30, 2021.

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

	06/30/22	06/30/21	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 2,385,770	\$ 1,952,147	\$ 433,623	22.21%
Capital assets	977,089	1,000,206	(23,117)	-2.31%
Total assets	<u>3,362,859</u>	<u>2,952,353</u>	<u>410,506</u>	13.90%
<b>Deferred outflows of resources</b>				
Deferred amount on pension activity	<u>101,421</u>	<u>178,765</u>	<u>(77,344)</u>	-43.27%
<b>Liabilities</b>				
Long-term liabilities	407,761	699,542	(291,781)	-41.71%
Other liabilities	<u>70,357</u>	<u>57,399</u>	<u>12,958</u>	22.58%
Total liabilities	<u>478,118</u>	<u>756,941</u>	<u>(278,823)</u>	-36.84%
<b>Deferred inflows of resources</b>				
Deferred amount on pension activity	<u>360,671</u>	<u>296,533</u>	<u>64,138</u>	21.63%
<b>Net position</b>				
Net investment in capital assets	857,089	845,206	11,883	1.41%
Restricted	1,817,817	1,478,893	338,924	22.92%
Unrestricted	<u>(49,415)</u>	<u>(246,455)</u>	<u>197,040</u>	79.95%
Total net position	<u>\$ 2,625,491</u>	<u>\$ 2,077,644</u>	<u>\$ 547,847</u>	26.37%

Total assets increased \$410,506. Cash and cash equivalents increased by \$445,194, receivables and other assets decreased by \$11,571 and capital assets decreased by \$23,117. 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 \$197,040.

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**  
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**Unaudited**

Table 2 shows the changes in net position for the fiscal year ended June 30, 2022 compared to June 30, 2021.

**Table 2**  
**Changes in Net Position**

	06/30/22	06/30/21	Variance	
			Dollars	Percent
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 48,789	\$ 15,441	\$ 33,348	215.97%
Operating grants and contributions	105,609	49,675	55,934	112.60%
General revenues				
Property taxes	2,025,247	1,988,421	36,826	1.85%
Grants and entitlements	1,010,231	1,379,183	(368,952)	-26.75%
Other	3,389	8,064	(4,675)	-57.97%
Total revenues	<u>3,193,265</u>	<u>3,440,784</u>	<u>(247,519)</u>	-7.19%
<b>Expenses</b>				
Instruction				
Regular	1,110,458	1,346,323	(235,865)	-17.52%
Special	392,565	395,377	(2,812)	-0.71%
Other	-	3,090	(3,090)	-100.00%
Support services				
Tuition	323,270	294,780	28,490	9.66%
Student & instructional related services	337,947	389,160	(51,213)	-13.16%
General & business administration	87,137	89,081	(1,944)	-2.18%
School administration	17,014	21,741	(4,727)	-21.74%
Maintenance	277,964	261,914	16,050	6.13%
Transportation	82,260	28,940	53,320	184.24%
Aftercare	545	-	545	*
Food service	8,208	545	7,663	1406.06%
Interest on long-term debt	8,050	9,844	(1,794)	-18.22%
Total expenses	<u>2,645,418</u>	<u>2,840,795</u>	<u>(195,377)</u>	-6.88%
Change in net position	<u>\$ 547,847</u>	<u>\$ 599,989</u>	<u>\$ (52,142)</u>	-8.69%

\*Undefined

**MILFORD BOROUGH SCHOOL DISTRICT**  
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**Governmental Activities**

Local property taxes made up 63.67% of revenues for governmental activities for the Milford School District for fiscal year 2022.

Instruction comprises 56.82% of district expenses. Support services expenses and debt service make up 43.18% 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, 2022 compared to June 30, 2021.

**Table 3**  
**Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/22	06/30/20	06/30/21	06/30/21
Instruction	\$ 1,503,023	\$ 1,744,790	\$ 1,379,286	\$ 1,709,820
Support services				
Tuition	323,270	294,780	323,270	294,780
Student & instructional staff	337,947	389,160	323,556	360,978
General & business administration	87,137	89,081	87,137	89,081
School administration	17,014	21,741	17,014	21,741
Plant operations & maintenance	277,964	261,914	274,228	259,950
Pupil transportation	82,260	28,940	82,260	28,940
Aftercare	545		545	-
Food services	8,208	545	(4,326)	545
Interest on long-term debt	8,050	9,844	8,050	9,844
Total expenses	<u>\$ 2,645,418</u>	<u>\$ 2,840,795</u>	<u>\$ 2,491,020</u>	<u>\$ 2,775,679</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**  
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**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 95.16%. 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 \$2,824,039 and expenditures of \$2,408,522. The general fund had an increase in fund balance of \$415,666.

**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 2022, 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 \$86,359 over the original budgeted estimates of \$2,260,269. This difference was due primarily to additional state aid.



**MILFORD BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
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**Capital Assets**

At the end of the fiscal year 2022, the School District had \$977,089 invested in land, building, furniture and equipment and vehicles. Table 4 shows the fiscal year ended June 30, 2022 compared to June 30, 2021.

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

	06/30/21	06/30/21	Variance	
			Dollars	Percent
Land	\$ 26,248	\$ 26,248	\$ -	0.00%
Construction in progress	11,129	-	11,129	100.00%
Buildings & improvements	919,558	951,861	(32,303)	-3.39%
Vehicles & equipment	20,154	22,097	(1,943)	-8.79%
Total	<u>\$ 977,089</u>	<u>\$ 1,000,206</u>	<u>\$ (23,117)</u>	<u>-2.31%</u>

Overall capital assets decreased \$23,117 from fiscal year 2021 to fiscal year 2022. All the decrease is due to depreciation expense.

**Long-term liabilities**

At June 30, 2022, the School District had \$407,761 of outstanding long-term liabilities. This amount is detailed in Table 5 for the fiscal year ended June 30, 2022 compared to June 30, 2021.

**Table 5**  
**Long-Term Liabilities**

	06/30/22	06/30/21	Variance	
			Dollars	Percent
2009 Bond issue	\$ 120,000	\$ 155,000	\$ (35,000)	-22.58%
Compensated absences	33,921	61,037	(27,116)	-44.43%
PERS net pension liability	253,840	483,505	(229,665)	-47.50%
	<u>\$ 407,761</u>	<u>\$ 699,542</u>	<u>\$ (291,781)</u>	<u>-41.71%</u>

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**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.

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, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 401,242	\$ 3,976	\$ 405,218
Receivables, net	150,246	350	150,596
<b>Restricted assets</b>			
Capital reserve - cash	1,606,970	-	1,606,970
Emergency reserve - cash	19,066	-	19,066
Maintenance reserve - cash	75,000	-	75,000
Special revenue - cash	12,265	-	12,265
Student activities - cash	6,905	-	6,905
Unemployment claims - cash	109,750	-	109,750
<b>Capital assets, net</b>			
Land	26,248	-	26,248
Construction in progress	11,129	-	11,129
Other capital assets, net of depreciation	938,646	1,066	939,712
Total assets	<u>3,357,467</u>	<u>5,392</u>	<u>3,362,859</u>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	<u>101,421</u>	<u>-</u>	<u>101,421</u>
<b>Liabilities</b>			
Accounts payable	17,393	-	17,393
Accrued interest	2,819	-	2,819
Payroll deductions and withholdings payable	16,393	-	16,393
Unemployment compensation claims payable	3,449	-	3,449
Unearned revenue	30,303	-	30,303
<b>Long-term liabilities</b>			
Due within one year	40,000	-	40,000
Due beyond one year	367,761	-	367,761
Total liabilities	<u>478,118</u>	<u>-</u>	<u>478,118</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	<u>360,671</u>	<u>-</u>	<u>360,671</u>

See accompanying notes to financial statements.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	\$ 856,023	\$ 1,066	\$ 857,089
Restricted for			
Capital reserve	1,606,970	-	1,606,970
Emergency reserve	19,066	-	19,066
Maintenance reserve	75,000	-	75,000
Student activities	6,905	-	6,905
Unemployment claims	109,876	-	109,876
Unrestricted	<u>(53,741)</u>	<u>4,326</u>	<u>(49,415)</u>
Total net position	<u>\$ 2,620,099</u>	<u>\$ 5,392</u>	<u>\$ 2,625,491</u>

See accompanying notes to financial statements.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

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	\$ 671,115	\$ 439,343	\$ 32,175	\$ 63,753	\$ -	\$ (1,014,530)	\$ -	\$ (1,014,530)
Special education	247,555	145,010	-	27,809	-	(364,756)	-	(364,756)
Support services								
Tuition	323,270	-	-	-	-	(323,270)	-	(323,270)
Students & instruction related services	249,155	88,792	1,856	12,535	-	(323,556)	-	(323,556)
General & business administration services	84,649	2,488	-	-	-	(87,137)	-	(87,137)
School administration services	16,528	486	-	-	-	(17,014)	-	(17,014)
Plant operations & maintenance	257,742	20,222	2,224	1,512	-	(274,228)	-	(274,228)
Pupil transportation	82,260	-	-	-	-	(82,260)	-	(82,260)
Interest on long-term debt	8,050	-	-	-	-	(8,050)	-	(8,050)
Total governmental activities	<u>1,940,324</u>	<u>696,341</u>	<u>36,255</u>	<u>105,609</u>	<u>-</u>	<u>(2,494,801)</u>	<u>-</u>	<u>(2,494,801)</u>
Business-type activities								
Aftercare fund	545	-	-	-	-	-	(545)	(545)
Food service	8,208	-	12,534	-	-	-	4,326	4,326
Total business-type activities	<u>8,753</u>	<u>-</u>	<u>12,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,781</u>	<u>3,781</u>
Total primary government	<u>\$ 1,949,077</u>	<u>\$ 696,341</u>	<u>\$ 48,789</u>	<u>\$ 105,609</u>	<u>\$ -</u>	<u>(2,494,801)</u>	<u>3,781</u>	<u>(2,491,020)</u>
			General revenues, special items and transfers					
						1,983,200	-	1,983,200
						42,047	-	42,047
						1,010,231	-	1,010,231
						3,389	-	3,389
						<u>3,038,867</u>	<u>-</u>	<u>3,038,867</u>
						544,066	3,781	547,847
						2,076,033	1,611	2,077,644
						<u>\$ 2,620,099</u>	<u>\$ 5,392</u>	<u>\$ 2,625,491</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, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 401,242	\$ -	\$ -	\$ -	\$ 401,242
Due from other funds	-	2,130	-	-	2,130
Receivables from other governments					
Local	42,972	-	-	-	42,972
State	89,851	-	-	-	89,851
Federal	-	13,958	-	-	13,958
Other accounts receivable	3,465	-	-	-	3,465
Restricted cash and cash equivalents	1,810,786	19,170	-	-	1,829,956
<b>Total assets</b>	<b>\$ 2,348,316</b>	<b>\$ 35,258</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,383,574</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 2,130	\$ -	\$ -	\$ -	\$ 2,130
Accounts payable	15,143	2,250	-	-	17,393
Payroll deductions and withholdings payable	16,393	-	-	-	16,393
Unearned revenue	4,200	26,103	-	-	30,303
Unemployment compensation claims payable	3,449	-	-	-	3,449
<b>Total liabilities</b>	<b>41,315</b>	<b>28,353</b>	<b>-</b>	<b>-</b>	<b>69,668</b>

See accompanying notes to financial statements.



**MILFORD BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2022**

	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	\$ 1,606,970	\$ -	\$ -	\$ -	\$ 1,606,970
Emergency reserve	19,066	-	-	-	19,066
Maintenance reserve	75,000	-	-	-	75,000
Unemployment compensation	109,876	-	-	-	109,876
Student activities	-	6,905	-	-	6,905
Committed fund balance					
Year-end encumbrances	181,911	-	-	-	181,911
Unassigned fund balance	314,178	-	-	-	314,178
Total fund balances	2,307,001	6,905	-	-	2,313,906
 Total liabilities and fund balances	 \$ 2,348,316	 \$ 35,258	 \$ -	 \$ -	

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 \$1,673,699 and the accumulated depreciation is \$697,676.	976,023
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(259,250)
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.	(407,761)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(2,819)
Total net position of governmental activities	\$ 2,620,099

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, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 1,983,200	\$ -	\$ -	\$ 42,047	\$ 2,025,247
Other local governmental units	2,224	-	-	-	2,224
Tuition					
Individuals	32,175	-	-	-	32,175
Miscellaneous	3,389	1,856	-	-	5,245
Total local sources	<u>2,020,988</u>	<u>1,856</u>	<u>-</u>	<u>42,047</u>	<u>2,064,891</u>
State sources	653,539	1,512	-	-	655,051
Federal sources	-	104,097	-	-	104,097
Total revenues	<u>2,674,527</u>	<u>107,465</u>	<u>-</u>	<u>42,047</u>	<u>2,824,039</u>
<b>Expenditures</b>					
Current					
Instructional					
Regular instruction	607,362	63,753	-	-	671,115
Special education instruction	219,746	27,809	-	-	247,555
Support service & undistributed costs					
Tuition	323,270	-	-	-	323,270
Student & instruction related services	234,615	14,540	-	-	249,155
General & business administrative services	84,649	-	-	-	84,649
School administrative services	16,528	-	-	-	16,528
Plant operations & maintenance	256,230	1,512	-	-	257,742
Pupil transportation	82,260	-	-	-	82,260
Unallocated benefits	417,647	-	-	-	417,647

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, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 14,729	\$ -	\$ -	\$ -	\$ 14,729
Debt service					
Principal	-	-	-	35,000	35,000
Interest & other charges	1,825	-	-	7,047	8,872
Total expenditures	<u>2,258,861</u>	<u>107,614</u>	<u>-</u>	<u>42,047</u>	<u>2,408,522</u>
Excess (deficit) of revenues over (under) expenditures	415,666	(149)	-	-	415,517
Fund balances, July 1	<u>1,891,335</u>	<u>7,054</u>	<u>-</u>	<u>-</u>	<u>1,898,389</u>
Fund balances, June 30	<u><u>\$ 2,307,001</u></u>	<u><u>\$ 6,905</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,313,906</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, 2022**

Total net changes in fund balances - governmental fund (from B-2)		\$ 415,517
<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	14,729	
Depreciation expense	<u>(37,301)</u>	(22,572)
<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>		
		88,183
<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>		
		<u>27,116</u>
Change in net position of governmental activities		<u><u>\$ 544,066</u></u>

See accompanying notes to financial statements.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2022**

	<u>After Care Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 3,976	\$ -	\$ 3,976
Other accounts receivable	350	-	350
Total current assets	<u>4,326</u>	<u>-</u>	<u>4,326</u>
Noncurrent assets			
Capital assets	-	13,624	13,624
Less: accumulated depreciation	-	12,558	12,558
Total current assets	<u>-</u>	<u>1,066</u>	<u>1,066</u>
Total assets	<u>4,326</u>	<u>1,066</u>	<u>5,392</u>
Net position			
Net investment in capital assets	-	1,066	1,066
Unrestricted	4,326	-	4,326
Total net position	<u>\$ 4,326</u>	<u>\$ 1,066</u>	<u>\$ 5,392</u>

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, 2022**

	<u>After Care Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Operating revenues			
Charges for services			
Fees for services	\$ 12,534	\$ -	\$ 12,534
Total operating revenues	<u>12,534</u>	<u>-</u>	<u>12,534</u>
Operating expenses			
Salaries	8,208	-	8,208
Depreciation	-	545	545
Total operating expenses	<u>8,208</u>	<u>545</u>	<u>8,753</u>
Change in net position	4,326	(545)	3,781
Net position, beginning	<u>-</u>	<u>1,611</u>	<u>1,611</u>
Net position, ending	<u>\$ 4,326</u>	<u>\$ 1,066</u>	<u>\$ 5,392</u>

See accompanying notes to financial statements.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2022**

	After Care Fund	Food Service Fund	Total
Cash flows from operating activities			
Receipts from customers (net)	\$ 12,184	\$ -	\$ 12,184
Payments to vendors (net)	(8,208)	-	(8,208)
Net cash provided by (used for) operating activities	3,976	-	3,976
Net increase (decrease) in cash and cash equivalents	3,976	-	3,976
Cash and cash equivalents, beginning	-	-	-
Cash and cash equivalents, ending	\$ 3,976	\$ -	\$ 3,976
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 4,326	\$ (545)	\$ 3,781
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	-	545	545
(Increase) decrease in accounts receivable	(350)	-	(350)
Net cash provided by (used for) operating activities	\$ 3,976	\$ -	\$ 3,976

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, 2022 of 56 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)

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are 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.

*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. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

*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.

The District did not utilize the capital projects fund during the fiscal year.

*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.

**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)

Proprietary fund types (continued)

*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 and the after care 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.

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

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

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 2021-2022 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.

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 GASB Statement No. 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.

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.

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, 2022, 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.

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.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

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, 2022, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	2,107,949
Total bank balances	\$ 2,357,949

Deposits at June 30, 2022 appear in the financial statements as summarized below:

Cash		\$ 2,235,174
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 401,242
Proprietary funds, Balance Sheet	B-4	3,976
Restricted cash		
Governmental funds, Balance Sheet	B-1	1,829,956
Total cash		\$ 2,235,174

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 26,248	\$ -	\$ -	\$ 26,248
Construction in progress	-	11,129	-	11,129
Total	<u>26,248</u>	<u>11,129</u>	<u>-</u>	<u>37,377</u>
Capital assets, being depreciated				
Land improvements	74,250	-	-	74,250
Building & improvements	1,474,905	-	-	1,474,905
Vehicles & equipment	83,567	3,600	-	87,167
Total	<u>1,632,722</u>	<u>3,600</u>	<u>-</u>	<u>1,636,322</u>
Accumulated depreciation				
Land improvements	74,250	-	-	74,250
Building & improvements	523,044	32,303	-	555,347
Vehicles & equipment	63,081	4,998	-	68,079
Total	<u>660,375</u>	<u>37,301</u>	<u>-</u>	<u>697,676</u>
Total capital assets, being depreciated, net	<u>972,347</u>	<u>(33,701)</u>	<u>-</u>	<u>938,646</u>
Governmental activities capital assets, net	<u>\$ 998,595</u>	<u>\$ (22,572)</u>	<u>\$ -</u>	<u>\$ 976,023</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 13,624	\$ -	\$ -	\$ 13,624
Less: accumulated depreciation	12,013	545	-	12,558
Business type activities capital assets, net	<u>\$ 1,611</u>	<u>\$ (545)</u>	<u>\$ -</u>	<u>\$ 1,066</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				\$	19,726	
Special education					7,277	
Support services						
Student & instruction					7,324	
General & business administration					2,488	
School administration services					486	
Total depreciation expense, governmental activities				\$	<u>37,301</u>	

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 155,000	\$ -	\$ 35,000	\$ 120,000	\$ 40,000
Compensated absences payable	61,037	-	27,116	33,921	-
PERS net pension liability	<u>483,505</u>	<u>-</u>	<u>229,665</u>	<u>253,840</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 699,542</u>	<u>\$ -</u>	<u>\$ 291,781</u>	<u>\$ 407,761</u>	<u>\$ 40,000</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2022, including interest payments are listed as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 40,000	\$ 5,125	\$ 45,125
2024	40,000	3,075	43,075
2025	40,000	1,025	41,025
Total	<u>\$ 120,000</u>	<u>\$ 9,225</u>	<u>\$ 129,225</u>

**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, 2022, 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%. \$ 120,000

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, 2022 is \$3,728,036. General obligation debt at June 30, 2022 is \$120,000, resulting in a legal debt margin of \$3,608,036.

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 annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled 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, 2021 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, 2021 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, 2020 through June 30, 2021. 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 non-contributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

The 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 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, 2022 was 18.32% 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, 2021:

Net pension liability	\$	253,840
Proportionate share		0.0021427421%
 Plan fiduciary net position as a percentage of the total pension liability		 70.33%

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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-2010 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021 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, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2021 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 (7.00%)	\$ 253,840
At a 1% lower rate (6.00%)	349,363
At a 1% higher rate (8.00%)	177,777

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2021 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,003	\$ 1,817
Changes of assumptions	1,322	90,369
Net difference between projected and actual earnings on pension plan investments	-	66,868
Changes in proportion and differences between District contributions and proportionate share of contributions	71,002	201,617
District contributions subsequent to the measurement date	25,094	-
Total	<u>\$ 101,421</u>	<u>\$ 360,671</u>

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, 2022, the Plan measurement date is June 30, 2021) of \$25,094 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

**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, 2021 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 8,804	\$ (4,801)	\$ 4,003
Changes of assumptions	15,685	(14,363)	1,322
Differences between expected and actual experience	16,527	(16,527)	-
Deferred inflows of resources			
Differences between expected and actual experience	(1,710)	(107)	(1,817)
Changes in assumptions	(202,448)	112,079	(90,369)
Differences between projected and actual investment earnings on pension plan investments	-	(66,868)	(66,868)
Net of deferred outflows	\$ (163,142)	\$ 9,413	\$ (153,729)

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:

<u>Fiscal Year Ended June 30,</u>				
2022			\$	(59,895)
2023				(42,765)
2024				(29,159)
2025				(21,919)
2026				9
Total			\$	(153,729)

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Pension expense (benefit)

For the fiscal year ended June 30, 2022, the District recognized net pension expense (benefit) of (\$63,090), which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$34,664), plus the net amortization of deferred amounts from changes in proportion of (\$35,767), and plus other adjustments to the net pension liability of \$7,341. 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, 2021 measurement date are as follows:

Service cost	\$	14,949
Interest on total pension liability		58,743
Benefit changes		-
Member contributions		(12,162)
Administrative expense		213
Expected investment return net of investment expense		(32,048)
Pension expense related to specific liabilities of individual employers		(150)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		1,646
Changes of assumptions		(44,590)
Difference between projected and actual investment earnings on pension plan investments		(21,265)
Pension expense (benefit)	\$	<u>(34,664)</u>

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 annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports](http://www.state.nj.us/treasury/pensions/annual-reports).

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	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled 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 2021, 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, 2021, the State of New Jersey contributed \$207,666 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	\$ 5,283,465
Less: State proportionate share of net pension liability	1,876,687
Net pension liability	\$ 3,406,778

Proportionate share	0.0070863532%
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Plan fiduciary net position as a percentage of the total pension liability	35.52%
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Actuarial assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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)

Actuarial assumptions (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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021 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, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 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. Therefore, the long-term expected rate of return on plan investments was applied to all 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, 2021 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 (7.00%)	\$ 3,406,778
At a 1% lower rate (6.00%)	4,030,787
At a 1% higher rate (8.00%)	2,882,649

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

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, 2021 measurement date are as follows:

Service cost	\$ 124,450
Interest on total pension liability	332,131
Benefit changes	-
Member contributions	(62,501)
Administrative expense	640
Expected investment return net of investment expense	(103,188)
Pension expense related to specific liabilities of individual employers	(29)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	14,278
Changes of assumptions	(159,621)
Difference between projected and actual investment earnings on pension plan investments	(65,997)
Pension expense	<u>\$ 80,163</u>

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

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 2022) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

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 2022 was \$1,310.

D. Other pension plan information

During the year ended June 30, 2022, the State of New Jersey contributed \$53,694 to the TPAF for postretirement medical benefits, \$3,197 for non-contributory insurance premiums, \$97 for long-term disability insurance, and \$226,618 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 \$39,713 during the fiscal year ended June 30, 2022 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 Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as the employers) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notice.shtml>.

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.

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, 2021 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 60,007,650,970
District's proportionate share of the State's OPEB liability	5,404,590
Employer OPEB expense and related revenue	276,529
Allocable proportionate percentage	0.0090065015%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2020	\$ 6,001,188
Service cost	249,321
Interest cost	140,201
Change of benefit terms	(5,753)
Differences between expected and actual experiences	(878,844)
Changes of assumptions	5,332
Member contributions	3,584
Gross benefit payments	(110,439)
Total OPEB liability at June 30, 2021	<u>\$ 5,404,590</u>

There were no changes of the benefit terms from June 30, 2020 to June 30, 2021.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% as of the June 30, 2020 plan measurement date to 2.16% as of the June 30, 2021 plan measurement date.

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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% - 4.45%	2.00% - 6.00%
Thereafter	2.75% - 5.65%	3.00% - 7.00%

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 Safety (PFRS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2021 was 2.16%. 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, 2021 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 (2.16%)	\$	5,404,590
At a 1% lower rate (1.16%)		6,473,850
At a 1% higher rate (3.16%)		4,562,612

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	\$	5,404,590
At a 1% lower rate (1% decrease)		4,375,033
At a 1% higher rate (1% increase)		6,787,209

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$276,529 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:

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2022 is as follows:

	Receivable	Payable
General Fund	\$ -	\$ 2,130
Special revenue fund	2,130	-
Total	\$ 2,130	\$ 2,130

The balance of \$2,130 due from the general fund to the special revenue fund represents receipts of grants not yet transferred to the special revenue fund.

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.



**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 11 - Risk management (continued)

*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 Annual Comprehensive 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 available for claims of the District's unemployment compensation insurance fund:

<u>Fiscal Year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance Available for Claims</u>
2021 - 2022	\$ -	\$ 19	\$ 1,873	\$ 53	\$ 113,325
2020 - 2021	-	29	1,718	89	111,486
2019 - 2020	24,335	190	1,860	17,894	109,828

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.

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.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 12 - Reserve accounts (continued)

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 \$339,054 to their capital reserve account by Board Resolution in June 2022 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	\$ 1,267,916	\$ 339,054	\$ -	\$ 600,000	\$ 600,000	\$ 1,606,970
Emergency	19,066	-	-	-	-	19,066
Maintenance	75,000	-	-	-	-	75,000
Total	<u>\$ 1,361,982</u>	<u>\$ 339,054</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 1,701,036</u>

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, 2022 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 1,606,970
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
Unemployment compensation - Represents funds accumulated for future unemployment claims.	109,876

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.	181,911
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	<u>337,781</u>
Total fund balance - Budgetary basis (Exhibit C-1)	2,330,604
Last state aid payments not recognized on GAAP basis	(23,603)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 2,307,001</u>

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 14 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve general fund 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, 2022 is \$0.

Note 15 - 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 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, 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 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2022 of (\$53,741) 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 17 - 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 18 - Subsequent events

The District has evaluated subsequent events through February 15, 2023, 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, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 1,983,200	\$ -	\$ 1,983,200	\$ 1,983,200	\$ -
Other local governmental units - unrestricted	4,060	-	4,060	2,224	(1,836)
Tuition from individuals	34,650	-	34,650	32,175	(2,475)
Unrestricted miscellaneous revenues	500	-	500	3,370	2,870
Other restricted miscellaneous revenues	-	-	-	19	19
<b>Total</b>	<b>2,022,410</b>	<b>-</b>	<b>2,022,410</b>	<b>2,020,988</b>	<b>(1,422)</b>
State sources					
School choice aid	63,415	-	63,415	63,415	-
Extraordinary aid	-	-	-	87,781	87,781
Categorical special education aid	52,412	-	52,412	52,412	-
Equalization aid	122,032	-	122,032	122,032	-
TPAF Pension (on-behalf)	-	-	-	226,618	226,618
TPAF Non-contributory insurance	-	-	-	3,197	3,197
TPAF Social Security (reimbursed)	-	-	-	39,713	39,713
TPAF Postretirement benefits	-	-	-	53,694	53,694
TPAF Long-term disability insurance	-	-	-	97	97
<b>Total</b>	<b>237,859</b>	<b>-</b>	<b>237,859</b>	<b>648,959</b>	<b>411,100</b>
<b>Total revenues</b>	<b>\$ 2,260,269</b>	<b>\$ -</b>	<b>\$ 2,260,269</b>	<b>\$ 2,669,947</b>	<b>\$ 409,678</b>
<b>Expenditures</b>					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 64,246	\$ 1,570	\$ 65,816	\$ 65,606	\$ 210
Kindergarten	77,302	13,644	90,946	90,755	191
Grades 1-5	322,329	(48,337)	273,992	259,807	14,185
Regular programs - undistributed instruction					
Other salaries for instruction	1,500	-	1,500	1,500	-
Purchased professional - educational services	55,450	(10,259)	45,191	43,644	1,547
Other purchased services	55,941	(6,661)	49,280	40,217	9,063
General supplies	34,912	43,117	78,029	41,489	36,540
Other objects	1,050	(79)	971	75	896
<b>Total</b>	<b>612,730</b>	<b>(7,005)</b>	<b>605,725</b>	<b>543,093</b>	<b>62,632</b>
Special education					
Resource room/resource center					
Salaries of teachers	104,979	7,624	112,603	111,813	790
Other salaries for instruction	47,868	14,630	62,498	52,646	9,852
General supplies	1,000	-	1,000	-	1,000
<b>Total</b>	<b>153,847</b>	<b>22,254</b>	<b>176,101</b>	<b>164,459</b>	<b>11,642</b>

See independent auditors' report.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Total special education	\$ 153,847	\$ 22,254	\$ 176,101	\$ 164,459	\$ 11,642
Basic skills/remedial					
Salaries of teachers	-	105	105	-	105
Total	-	105	105	-	105
School-sponsored co/extra curricular activities - instruction					
Salaries	5,650	-	5,650	-	5,650
Supplies and materials	850	-	850	-	850
Other objects	-	375	375	-	375
Transfers to cover deficit (agency funds)	375	(375)	-	-	-
Total	6,875	-	6,875	-	6,875
Total instruction regular	\$ 773,452	\$ 15,354	\$ 788,806	\$ 707,552	\$ 81,254
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 255,000	\$ 4,080	\$ 259,080	\$ 259,080	\$ -
Tuition to other LEAs within the state - special	35,000	29,190	64,190	64,190	-
Total	290,000	33,270	323,270	323,270	-
Undistributed expenditures - attendance & social work					
Salaries	44,684	-	44,684	44,006	678
Total	44,684	-	44,684	44,006	678
Undistributed expenditures - health services					
Salaries	64,896	-	64,896	61,996	2,900
Purchased professional and technical services	2,600	-	2,600	2,159	441
Other purchased services	250	-	250	-	250
Supplies and materials	4,000	-	4,000	2,680	1,320
Total	71,746	-	71,746	66,835	4,911
Undistributed expenditures - speech, ot, pt & related services					
Purchased professional - educational services	46,301	(27,191)	19,110	17,298	1,812
Total	46,301	(27,191)	19,110	17,298	1,812
Undistributed expenditures - guidance					
Salaries of other professional staff	10,180	211	10,391	10,391	-
Supplies and materials	550	(211)	339	-	339
Total	10,730	-	10,730	10,391	339

See independent auditors' report.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - child study teams					
Purchased professional - educational services	\$ 57,863	\$ -	\$ 57,863	\$ 37,397	\$ 20,466
Other purchased professional & technical services	5,039	-	5,039	955	4,084
Other purchased services	4,400	-	4,400	3,653	747
Supplies and materials	500	-	500	500	-
Total	<u>67,802</u>	<u>-</u>	<u>67,802</u>	<u>42,505</u>	<u>25,297</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	12,794	-	12,794	11,525	1,269
Salaries of secretarial & clerical assist	-	1,525	1,525	-	1,525
Purchased professional - educational services	22,023	(1,525)	20,498	11,503	8,995
Supplies and materials	500	-	500	-	500
Total	<u>35,317</u>	<u>-</u>	<u>35,317</u>	<u>23,028</u>	<u>12,289</u>
Undistributed expenditures - edu. media service/sch. library					
Other purchased services	8,952	-	8,952	2,258	6,694
Supplies and materials	5,000	-	5,000	-	5,000
Total	<u>13,952</u>	<u>-</u>	<u>13,952</u>	<u>2,258</u>	<u>11,694</u>
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	3,200	-	3,200	520	2,680
Other purchased services	1,500	-	1,500	-	1,500
Supplies and materials	100	-	100	-	100
Total	<u>4,800</u>	<u>-</u>	<u>4,800</u>	<u>520</u>	<u>4,280</u>
Undistributed expenditures - support service - general admin.					
Legal services	4,366	3,501	7,867	1,353	6,514
Audit fees	13,838	(425)	13,413	12,900	513
Other purchased professional services	30,000	500	30,500	30,500	-
Communications/telephone	-	1,459	1,459	633	826
Miscellaneous purchased services	12,284	(6,750)	5,534	1,325	4,209
Miscellaneous expenditures	400	1,116	1,516	1,516	-
BOE membership dues and fees	2,050	599	2,649	2,649	-
Total	<u>62,938</u>	<u>-</u>	<u>62,938</u>	<u>50,876</u>	<u>12,062</u>
Undistributed expenditures - supp. service - school admin.					
Purchased professional and technical services	16,528	-	16,528	16,528	-
Other purchased services	-	1,587	1,587	-	1,587
Total	<u>16,528</u>	<u>1,587</u>	<u>18,115</u>	<u>16,528</u>	<u>1,587</u>

See independent auditors' report.



**MILFORD BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - central services					
Salaries	\$ 1,882	\$ -	\$ 1,882	\$ 1,842	\$ 40
Purchased professional services	28,000	-	28,000	28,000	-
Purchased technical services	5,800	-	5,800	3,887	1,913
Supplies and materials	250	-	250	44	206
<b>Total</b>	<b>35,932</b>	<b>-</b>	<b>35,932</b>	<b>33,773</b>	<b>2,159</b>
Undistributed expenditures - req. maint. for school facilities					
Salaries	58,375	3,575	61,950	45,311	16,639
Cleaning, repair, and maintenance services	63,369	(24,905)	38,464	14,157	24,307
General supplies	5,000	-	5,000	1,662	3,338
Other objects	1,400	-	1,400	-	1,400
<b>Total</b>	<b>128,144</b>	<b>(21,330)</b>	<b>106,814</b>	<b>61,130</b>	<b>45,684</b>
Undistributed expenditures - custodial services					
Salaries	76,586	10,000	86,586	82,375	4,211
Purchased professional and technical services	14,086	-	14,086	175	13,911
Cleaning, repair, and maintenance service	7,100	36,500	43,600	9,267	34,333
Other purchased property services	5,800	(1,335)	4,465	2,739	1,726
Insurance	21,477	(3,105)	18,372	18,065	307
Miscellaneous purchased services	200	-	200	175	25
General supplies	15,000	-	15,000	3,225	11,775
Energy (electricity)	19,000	5,000	24,000	12,312	11,688
Energy (oil)	30,592	3,105	33,697	27,105	6,592
Other objects	250	-	250	-	250
<b>Total</b>	<b>190,091</b>	<b>50,165</b>	<b>240,256</b>	<b>155,438</b>	<b>84,818</b>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	20,000	-	20,000	6,975	13,025
General supplies	2,500	-	2,500	490	2,010
<b>Total</b>	<b>22,500</b>	<b>-</b>	<b>22,500</b>	<b>7,465</b>	<b>15,035</b>
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	3,000	-	3,000	813	2,187
General supplies	1,000	-	1,000	-	1,000
<b>Total</b>	<b>4,000</b>	<b>-</b>	<b>4,000</b>	<b>813</b>	<b>3,187</b>
Undistributed expenditures - student transportation service					
Salaries for pupil trans (other than between home & school)	12,085	-	12,085	12,085	-
Contract serv-aid in lieu pymts - non-public schools	4,000	500	4,500	256	4,244
Contract service (oth. than between home & school) - vend	2,000	44,000	46,000	27,115	18,885
Contr service (between home & school) - joint agreements	21,216	(17,216)	4,000	2,000	2,000
Contract service (sp ed stds) - joint agreements	17,000	42,903	59,903	40,804	19,099
<b>Total</b>	<b>56,301</b>	<b>70,187</b>	<b>126,488</b>	<b>82,260</b>	<b>44,228</b>

See independent auditors' report.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Expenditures (cont'd)					
Allocated benefits - employee benefits					
Regular programs - instruction					
Health benefits	\$ 174,073	\$ (99,212)	\$ 74,861	\$ 64,269	\$ 10,592
Total	<u>174,073</u>	<u>(99,212)</u>	<u>74,861</u>	<u>64,269</u>	<u>10,592</u>
Special programs - instruction					
Social Security contributions	3,662	(2,790)	872	-	872
Health benefits	55,401	-	55,401	55,287	114
Total	<u>59,063</u>	<u>(2,790)</u>	<u>56,273</u>	<u>55,287</u>	<u>986</u>
Health services					
Health benefits	30,329	-	30,329	27,774	2,555
Total	<u>30,329</u>	<u>-</u>	<u>30,329</u>	<u>27,774</u>	<u>2,555</u>
Required maintenance for school facilities					
Health benefits	31,568	(31,568)	-	-	-
Total	<u>31,568</u>	<u>(31,568)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Custodial services					
Health benefits	-	32,903	32,903	31,384	1,519
Total	<u>-</u>	<u>32,903</u>	<u>32,903</u>	<u>31,384</u>	<u>1,519</u>
Total allocated benefits - employees	<u>\$ 295,033</u>	<u>\$ (100,667)</u>	<u>\$ 194,366</u>	<u>\$ 178,714</u>	<u>\$ 15,652</u>
Unallocated benefits - employee benefits					
Social Security contributions	\$ 30,240	\$ 4	\$ 30,244	\$ 22,499	\$ 7,745
Other retirement contributions - PERS	25,738	(32)	25,706	25,094	612
Other retirement contributions - regular	2,200	-	2,200	1,085	1,115
Workmen's compensation	21,923	(54)	21,869	14,929	6,940
Health benefits	32,904	(31,728)	1,176	-	1,176
Tuition reimbursement	5,000	-	5,000	-	5,000
Other employee benefits	-	573	573	571	2
Unused sick payment to terminated/retired staff	20,000	10,150	30,150	30,150	-
Total	<u>138,005</u>	<u>(21,087)</u>	<u>116,918</u>	<u>94,328</u>	<u>22,590</u>
On-behalf TPAF Pension contribution	-	-	-	226,618	(226,618)
On-behalf TPAF Non-contributory insurance	-	-	-	3,197	(3,197)
On-behalf TPAF Postretirement medical benefits	-	-	-	53,694	(53,694)
On-behalf TPAF Long-term disability insurance	-	-	-	97	(97)
Reimbursed TPAF Social Security contribution	-	-	-	39,713	(39,713)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,319</u>	<u>(323,319)</u>
Total undistributed expenditures	<u>\$ 1,534,804</u>	<u>\$ (15,066)</u>	<u>\$ 1,519,738</u>	<u>\$ 1,534,755</u>	<u>\$ (15,017)</u>
Total current	<u>\$ 2,308,256</u>	<u>\$ 288</u>	<u>\$ 2,308,544</u>	<u>\$ 2,242,307</u>	<u>\$ 66,237</u>

See independent auditors' report.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Capital outlay					
Equipment					
Grades 1-5	\$ -	\$ 22,945	\$ 22,945	\$ -	\$ 22,945
Undistributed					
Undistributed expenditures - instruction	-	7,100	7,100	3,600	3,500
Undistributed expenditures - general admin.	-	116,234	116,234	11,129	105,105
Total equipment	<u>-</u>	<u>146,279</u>	<u>146,279</u>	<u>14,729</u>	<u>131,550</u>
Facilities acquisition and construction service					
Construction services	600,000	-	600,000	-	600,000
Assessment for debt service on SDA funding	1,825	-	1,825	1,825	-
Total facilities acquisition and construction service	<u>601,825</u>	<u>-</u>	<u>601,825</u>	<u>1,825</u>	<u>600,000</u>
Total capital outlay	<u>\$ 601,825</u>	<u>\$ 146,279</u>	<u>\$ 748,104</u>	<u>\$ 16,554</u>	<u>\$ 731,550</u>
Total expenditures	<u>\$ 2,910,081</u>	<u>\$ 146,567</u>	<u>\$ 3,056,648</u>	<u>\$ 2,258,861</u>	<u>\$ 797,787</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (649,812)	\$ (146,567)	\$ (796,379)	\$ 411,086	\$ 1,207,465
Fund balances, July 1	1,919,518	-	1,919,518	1,919,518	-
Fund balances, June 30	<u>\$ 1,269,706</u>	<u>\$ (146,567)</u>	<u>\$ 1,123,139</u>	<u>\$ 2,330,604</u>	<u>\$ 1,207,465</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (49,812)	\$ -	\$ (49,812)	\$ (49,812)	\$ -
Increase in capital reserve	-	939,054	939,054	939,054	-
Withdrawal from capital reserve	(600,000)	-	(600,000)	(600,000)	-
Interest earned on unemployment compensation	-	-	-	19	19
Budgeted fund balance	-	(1,085,621)	(1,085,621)	121,825	1,207,446
Total	<u>\$ (649,812)</u>	<u>\$ (146,567)</u>	<u>\$ (796,379)</u>	<u>\$ 411,086</u>	<u>\$ 1,207,465</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 1,606,970	
Emergency reserve				19,066	
Maintenance reserve				75,000	
Unemployment compensation				109,876	
Committed fund balance					
Year-end encumbrances				181,911	
Unassigned fund balance				<u>337,781</u>	
Fund balance per budgetary basis				2,330,604	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(23,603)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 2,307,001</u>	

See independent auditors' report.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Revenues					
Federal sources	\$ 349,191	\$ (216,973)	\$ 132,218	\$ 103,972	\$ (28,246)
State sources	1,512	-	1,512	1,512	-
Local sources	-	1,856	1,856	1,856	-
<b>Total revenues</b>	<b>\$ 350,703</b>	<b>\$ (215,117)</b>	<b>\$ 135,586</b>	<b>\$ 107,340</b>	<b>\$ (28,246)</b>
Expenditures					
Instruction					
Salaries	\$ 68,281	\$ (51,844)	\$ 16,437	\$ 13,554	\$ 2,883
Other salaries	13,999	(13,999)	-	-	-
Purchased professional and technical services	37,068	(6,866)	30,202	30,202	-
Other purchased services	7,374	(7,374)	-	-	-
Supplies	62,092	(8,868)	53,224	40,681	12,543
<b>Total</b>	<b>188,814</b>	<b>(88,951)</b>	<b>99,863</b>	<b>84,437</b>	<b>15,426</b>
Support services					
Salaries	31,769	(25,929)	5,840	2,080	3,760
Employee benefits	5,613	(5,613)	-	-	-
Purchased professional and technical services	57,980	(44,000)	13,980	9,637	4,343
Other purchased services	40,820	(36,990)	3,830	2,330	1,500
Supplies	20,887	(10,819)	10,068	7,000	3,068
Student activities	-	2,005	2,005	2,005	-
<b>Total</b>	<b>157,069</b>	<b>(121,346)</b>	<b>35,723</b>	<b>23,052</b>	<b>12,671</b>
Capital outlay					
Instructional equipment	4,820	(4,820)	-	-	-
<b>Total expenditures</b>	<b>\$ 350,703</b>	<b>\$ (215,117)</b>	<b>\$ 135,586</b>	<b>\$ 107,489</b>	<b>\$ 28,097</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ (149)	\$ (149)
Fund balances, July 1	7,054	-	7,054	7,054	-
Fund balances, June 30	<b>\$ 7,054</b>	<b>\$ -</b>	<b>\$ 7,054</b>	<b>\$ 6,905</b>	<b>\$ 149</b>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 6,905	
Fund balance per budgetary basis				<b>\$ 6,905</b>	

See independent auditors' report.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2022**

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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,669,947	\$ 107,340
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	3,530
Outstanding encumbrances - current year	-	(3,405)
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	28,183	-
State aid receivable current year	(23,603)	-
Total revenues (GAAP basis)	<u>\$ 2,674,527</u>	<u>\$ 107,465</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 2,258,861	\$ 107,489
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	3,530
Outstanding encumbrances - current year	-	(3,405)
Total expenditures (GAAP basis)	<u>\$ 2,258,861</u>	<u>\$ 107,614</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**

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2013	0.0232839760%	\$ 445,003	\$ 147,067	302.59%	48.72%
2014	0.0021266748%	398,172	184,167	216.20%	52.08%
2015	0.0029694144%	666,574	212,947	313.02%	47.93%
2016	0.0030978661%	917,499	224,806	408.13%	40.14%
2017	0.0032845664%	764,595	169,089	452.18%	48.10%
2018	0.0024078200%	474,087	178,049	266.27%	53.60%
2019	0.0026321432%	474,272	199,935	237.21%	56.27%
2020	0.0029649447%	483,505	110,873	436.09%	58.32%
2021	0.0021427421%	253,840	137,021	185.26%	70.33%
2022	N/A	N/A	136,961	N/A	N/A

N/A = Information not available

See independent auditors' report.



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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 17,998	\$ (17,998)	\$ -	\$ 147,067	12.24%
2014	17,544	(17,544)	-	184,167	9.53%
2015	17,532	(17,532)	-	212,947	8.23%
2016	25,529	(25,529)	-	224,806	11.36%
2017	27,521	(27,521)	-	169,089	16.28%
2018	30,428	(30,428)	-	178,049	17.09%
2019	23,950	(23,950)	-	199,935	11.98%
2020	25,603	(25,603)	-	110,873	23.09%
2021	32,435	(32,435)	-	137,021	23.67%
2022	25,094	(25,094)	-	136,961	18.32%

N/A = Information not available

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**

	Proportionate share of net pension liability (asset)			Total	District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	0.00%	-	\$ 4,167,901	\$ 4,167,901	\$ 748,613	0.00%	33.76%
2014	0.00%	-	4,650,799	4,650,799	705,292	0.00%	33.64%
2015	0.00%	-	5,013,924	5,013,924	725,683	0.00%	28.71%
2016	0.00%	-	5,239,618	5,239,618	820,687	0.00%	22.33%
2017	0.00%	-	5,015,491	5,015,491	876,712	0.00%	25.41%
2018	0.00%	-	5,015,491	5,015,491	912,419	0.00%	26.49%
2019	0.00%	-	5,141,056	5,141,056	775,397	0.00%	26.95%
2020	0.00%	-	5,569,359	5,569,359	581,292	0.00%	24.60%
2021	0.00%	-	3,406,778	3,406,778	615,297	0.00%	35.52%
2022	N/A	N/A	N/A	N/A	540,399	N/A	N/A

N/A = Information 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**

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 48,637	\$ (48,637)	\$ -	\$ 748,613	6.50%
2014	32,989	(32,989)	-	705,292	4.68%
2015	39,781	(39,781)	-	725,683	5.48%
2016	51,030	(51,030)	-	820,687	6.22%
2017	87,410	(87,410)	-	876,712	9.97%
2018	118,918	(118,918)	-	912,419	13.03%
2019	168,205	(168,205)	-	775,397	21.69%
2020	168,432	(168,432)	-	581,292	28.98%
2021	191,656	(191,656)	-	615,297	31.15%
2022	207,666	(207,666)	-	540,399	38.43%

N/A = Information not available

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 Benefit Liability**  
**Last Ten Fiscal Years**

	Proportionate share of other postemployment employee benefits liability (asset)			Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other post employment employee benefits liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 4,769,733	\$ 4,769,733	\$ 876,712	0.00%	0.00%
2018	0.00%	-	4,032,614	4,032,614	912,419	0.00%	0.00%
2019	0.00%	-	3,670,857	3,670,857	775,397	0.00%	0.00%
2020	0.00%	-	6,001,188	6,001,188	581,292	0.00%	0.00%
2021	0.00%	-	5,404,590	5,404,590	615,297	0.00%	0.00%
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2022**

- 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 5.40% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% in State fiscal year 2020 and 2.75% in State fiscal year 2021.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 7.00% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% for State fiscal year 2020 and 2.75% for State fiscal year 2021.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate decreased from 2.21% in State fiscal year 2020 to 2.16% in State fiscal year 2021. The inflation rate was 2.50% for State fiscal year 2020 and 2021.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits  
There was a decrease in liability from June 30, 2021 to June 30, 2022 due to employers adopting Chapter 44 provisions.

## **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, 2022**

	Total Brought Forward	IDEA Basic	IDEA Preschool	Non-Title I CARES	Student Activities	Total
<b>Revenues</b>						
Federal sources	\$ 71,407	\$ 23,648	\$ 1,389	\$ 7,528	\$ -	\$ 103,972
State sources	1,512	-	-	-	-	1,512
Local sources	-	-	-	-	1,856	1,856
<b>Total revenues</b>	<b><u>\$ 72,919</u></b>	<b><u>\$ 23,648</u></b>	<b><u>\$ 1,389</u></b>	<b><u>\$ 7,528</u></b>	<b><u>\$ 1,856</u></b>	<b><u>\$ 107,340</u></b>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ 12,165	\$ -	\$ 1,389	\$ -	\$ -	\$ 13,554
Purchased professional and technical services	6,554	23,648	-	-	-	30,202
Supplies	33,153	-	-	7,528	-	40,681
<b>Total</b>	<b><u>51,872</u></b>	<b><u>23,648</u></b>	<b><u>1,389</u></b>	<b><u>7,528</u></b>	<b><u>-</u></b>	<b><u>84,437</u></b>
<b>Support services</b>						
Salaries	2,080	-	-	-	-	2,080
Purchased professional and technical services	9,637	-	-	-	-	9,637
Other purchased services	2,330	-	-	-	-	2,330
Supplies	7,000	-	-	-	-	7,000
Student activities	-	-	-	-	2,005	2,005
<b>Total</b>	<b><u>21,047</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,005</u></b>	<b><u>23,052</u></b>
<b>Total expenditures</b>	<b><u>\$ 72,919</u></b>	<b><u>\$ 23,648</u></b>	<b><u>\$ 1,389</u></b>	<b><u>\$ 7,528</u></b>	<b><u>\$ 2,005</u></b>	<b><u>\$ 107,489</u></b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ (149)	\$ (149)
Fund balances, July 1	-	-	-	-	7,054	7,054
Fund balances, June 30	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,905</u></b>	<b><u>\$ 6,905</u></b>

See independent auditors' report.



**MILFORD BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Total Brought Forward	ESSA Title IA	ESSA Title IIA	ESSA Title IVA	ARP IDEA Basic	Total Carried Forward
<b>Revenues</b>						
Federal sources	\$ 30,699	\$ 25,356	\$ 2,798	\$ 10,000	\$ 2,554	\$ 71,407
State sources	1,512	-	-	-	-	1,512
Local sources	-	-	-	-	-	-
<b>Total revenues</b>	<u>\$ 32,211</u>	<u>\$ 25,356</u>	<u>\$ 2,798</u>	<u>\$ 10,000</u>	<u>\$ 2,554</u>	<u>\$ 72,919</u>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ 7,745	\$ 4,420	\$ -	\$ -	\$ -	\$ 12,165
Purchased professional and technical services	4,000	-	-	-	2,554	6,554
Supplies	2,717	20,436	-	10,000	-	33,153
<b>Total</b>	<u>14,462</u>	<u>24,856</u>	<u>-</u>	<u>10,000</u>	<u>2,554</u>	<u>51,872</u>
<b>Support services</b>						
Salaries	1,580	500	-	-	-	2,080
Purchased professional and technical services	7,657	-	1,980	-	-	9,637
Other purchased services	1,512	-	818	-	-	2,330
Supplies	7,000	-	-	-	-	7,000
Student activities	-	-	-	-	-	-
<b>Total</b>	<u>17,749</u>	<u>500</u>	<u>2,798</u>	<u>-</u>	<u>-</u>	<u>21,047</u>
<b>Total expenditures</b>	<u>\$ 32,211</u>	<u>\$ 25,356</u>	<u>\$ 2,798</u>	<u>\$ 10,000</u>	<u>\$ 2,554</u>	<u>\$ 72,919</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances, July 1	-	-	-	-	-	-
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	ARP IDEA Preschool	CRRSA Learning Acceleration	CRRSA Mental Health	CRRSA ESSER II	SDA Emergent and Capital Maintenance Needs	Total Carried Forward
<b>Revenues</b>						
Federal sources	\$ 218	\$ 7,292	\$ 16,237	\$ 6,952	\$ -	\$ 30,699
State sources	-	-	-	-	1,512	1,512
Local sources	-	-	-	-	-	-
<b>Total revenues</b>	<b>\$ 218</b>	<b>\$ 7,292</b>	<b>\$ 16,237</b>	<b>\$ 6,952</b>	<b>\$ 1,512</b>	<b>\$ 32,211</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ 218	\$ 3,292	\$ -	\$ 4,235	\$ -	\$ 7,745
Purchased professional and technical services	-	4,000	-	-	-	4,000
Supplies	-	-	-	2,717	-	2,717
<b>Total</b>	<b>218</b>	<b>7,292</b>	<b>-</b>	<b>6,952</b>	<b>-</b>	<b>14,462</b>
<b>Support services</b>						
Salaries	-	-	1,580	-	-	1,580
Purchased professional and technical services	-	-	7,657	-	-	7,657
Other purchased services	-	-	-	-	1,512	1,512
Supplies	-	-	7,000	-	-	7,000
Student activities	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>16,237</b>	<b>-</b>	<b>1,512</b>	<b>17,749</b>
<b>Total expenditures</b>	<b>\$ 218</b>	<b>\$ 7,292</b>	<b>\$ 16,237</b>	<b>\$ 6,952</b>	<b>\$ 1,512</b>	<b>\$ 32,211</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances, July 1	-	-	-	-	-	-
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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.

(NOT APPLICABLE TO THIS 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 leases, and early retirement program.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2022**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/21	Issued	Retired	Balance 06/30/22
			Date	Amount					
Series 2009	07/15/09	\$ 480,000	7/15/22	\$ 40,000	5.13%	\$ 155,000	\$ -	\$ 35,000	\$ 120,000
			7/15/23	40,000	5.13%	-	-	-	-
			7/15/24	40,000	5.13%	-	-	-	-
						<u>\$ 155,000</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 120,000</u>

See independent auditors' report.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Revenues				
Local sources				
Local tax levy	\$ 42,047	\$ -	\$ 42,047	\$ -
Total revenues	<u>42,047</u>	<u>-</u>	<u>42,047</u>	<u>-</u>
Expenditures				
Regular debt service				
Redemption of principal	35,000	-	35,000	-
Interest	7,047	-	7,047	-
Total expenditures	<u>42,047</u>	<u>-</u>	<u>42,047</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.



## **STATISTICAL SECTION**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Statistical Section J Series**

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Government activities										
Net investment in capital assets	\$ 438,675	\$ 485,534	\$ 506,905	\$ 749,823	\$ 822,976	\$ 844,239	\$ 845,923	\$ 845,936	\$ 843,595	\$ 856,023
Restricted	83,722	226,165	373,659	291,147	273,102	423,102	545,877	1,024,139	1,478,893	1,817,817
Unrestricted	289,262	(295,982)	(242,968)	(303,971)	(402,758)	(449,565)	(441,516)	(394,576)	(246,455)	(53,741)
Total governmental activities	<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>\$ 1,475,499</u>	<u>\$ 2,076,033</u>	<u>\$ 2,620,099</u>
Business-type activities										
Net investment in capital assets	\$ 5,607	\$ 5,019	\$ 4,431	\$ 3,843	\$ 3,792	\$ 3,247	\$ 2,702	\$ 2,156	\$ 1,611	\$ 1,066
Unrestricted	22,617	19,240	13,861	6,176	7,235	12,253	6,280	-	-	4,326
Total business-type activities	<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>	<u>\$ 1,611</u>	<u>\$ 5,392</u>
District-wide										
Net investment in capital assets	\$ 444,282	\$ 490,553	\$ 511,336	\$ 753,666	\$ 826,768	\$ 847,486	\$ 848,625	\$ 848,092	\$ 845,206	\$ 857,089
Restricted	83,722	226,165	373,659	291,147	273,102	423,102	545,877	1,024,139	1,478,893	1,817,817
Unrestricted	311,879	(276,742)	(229,107)	(297,795)	(395,523)	(437,312)	(435,236)	(394,576)	(246,455)	(49,415)
Total district-wide	<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>\$ 1,477,655</u>	<u>\$ 2,077,644</u>	<u>\$ 2,625,491</u>

\*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 930,268	\$ 960,311	\$ 1,042,003	\$ 1,046,780	\$ 1,301,717	\$ 1,310,946	\$ 1,645,259	\$ 1,121,409	\$ 1,346,323	\$ 1,110,458
Special education	288,298	319,513	306,097	344,532	171,231	194,963	273,973	271,676	395,377	392,565
Other instruction	23,862	33,059	23,419	74,096	47,624	76,708	25,410	2,031	3,090	-
Support services										
Tuition	143,461	113,397	150,041	130,450	119,434	71,587	61,700	276,000	294,780	323,270
Student & instruction related services	402,995	402,568	526,520	474,697	628,549	611,220	561,088	370,505	389,160	337,947
General & business administrative services	155,154	128,779	119,885	123,848	138,204	138,481	105,706	110,419	89,081	87,137
School administration	51,060	42,457	70,726	71,273	81,600	72,546	34,751	182,933	21,741	17,014
Plant operations & maintenance	209,420	227,639	176,776	254,049	323,959	323,213	262,086	215,815	261,914	277,964
Pupil transportation	117,450	100,701	122,971	123,621	160,778	88,684	51,536	61,309	28,940	82,260
Interest on long-term debt	22,006	21,531	19,870	18,032	16,496	14,958	13,420	11,638	9,844	8,050
Total governmental activities expenses	<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>	<u>2,840,250</u>	<u>2,636,665</u>
Business-type activities										
Food services	43,705	45,630	34,007	34,830	31,811	27,361	31,104	546	545	545
Aftercare	-	-	-	-	-	-	-	-	-	8,208
Total business-type activities	<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>	<u>545</u>	<u>8,753</u>
Total district expenses	<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>	<u>\$ 2,840,795</u>	<u>\$ 2,645,418</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenues										
Governmental activities										
Charges for services	\$ 51,035	\$ 51,227	\$ 67,848	\$ 42,721	\$ 42,965	\$ 60,825	\$ 79,792	\$ 34,861	\$ 15,441	\$ 36,255
Operating grants & contributions	61,709	69,489	58,216	46,724	53,290	44,147	51,322	30,081	49,675	105,609
Total governmental activities	<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>	<u>65,116</u>	<u>141,864</u>
Business-type activities										
Charges for services										
Food service	20,351	20,443	19,706	17,000	15,140	12,701	14,558	-	-	-
Aftercare	-	-	-	-	-	-	-	-	-	12,534
Operating grants & contributions	15,417	15,436	8,334	9,557	9,023	7,133	10,028	-	-	-
Total business-type activities	<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>	<u>-</u>	<u>12,534</u>
Total district-wide program revenues	<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>	<u>\$ 65,116</u>	<u>\$ 154,398</u>
Net (expense) revenues										
Governmental activities	\$ (2,231,230)	\$ (2,229,239)	\$ (2,432,244)	\$ (2,571,933)	\$ (2,893,337)	\$ (2,798,334)	\$ (2,903,815)	\$ (2,558,793)	\$ (2,775,134)	\$ (2,494,801)
Business-type activities	(7,937)	(9,751)	(5,967)	(8,273)	(7,648)	(7,527)	(6,518)	(546)	(545)	3,781
Total district-wide net expenses	<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>	<u>\$ (2,775,679)</u>	<u>\$ (2,491,020)</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 1,722,955	\$ 1,753,938	\$ 1,783,737	\$ 1,819,400	\$ 1,855,788	\$ 1,887,914	\$ 1,887,914	\$ 1,906,793	\$ 1,944,580	\$ 1,983,200
Taxes levied for debt service	45,748	49,653	48,281	44,725	45,375	43,838	42,300	45,635	43,841	42,047
Unrestricted grants & contributions	448,413	458,581	708,734	799,973	957,761	993,609	1,101,116	998,102	1,379,183	1,010,231
Capital grants - unallocated	-	-	104,000	-	-	-	-	-	-	-
Investment earnings	122	203	315	-	-	-	-	-	-	-
Miscellaneous income	9,645	11,723	9,056	7,391	2,737	9,429	4,993	16,558	8,064	3,389
Grant funds deobligated	-	(7,320)	-	-	(2,003)	-	-	-	-	-
Prior year adjustment - capital projects interest income	-	(237)	-	-	-	-	-	-	-	-
Operating transfer	(18,877)	(5,785)	-	-	(10,000)	(12,000)	-	-	-	-
Special item - gain/(loss) on disposal of assets	-	-	-	(153)	-	-	-	-	-	-
Total governmental activities	<u>2,208,006</u>	<u>2,260,756</u>	<u>2,654,123</u>	<u>2,671,336</u>	<u>2,849,658</u>	<u>2,922,790</u>	<u>3,036,323</u>	<u>2,967,088</u>	<u>3,375,668</u>	<u>3,038,867</u>
Business-type activities										
Investment earnings	1	1	-	-	-	-	-	-	-	-
Special item - gain/(loss) on disposal of assets/operations	-	-	-	-	(1,344)	-	-	(6,280)	-	-
Operating transfer	18,877	5,785	-	-	10,000	12,000	-	-	-	-
Total business-type activities	<u>18,878</u>	<u>5,786</u>	<u>-</u>	<u>-</u>	<u>8,656</u>	<u>12,000</u>	<u>-</u>	<u>(6,280)</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 2,226,884</u>	<u>\$ 2,266,542</u>	<u>\$ 2,654,123</u>	<u>\$ 2,671,336</u>	<u>\$ 2,858,314</u>	<u>\$ 2,934,790</u>	<u>\$ 3,036,323</u>	<u>\$ 2,960,808</u>	<u>\$ 3,375,668</u>	<u>\$ 3,038,867</u>
Change in net position										
Governmental activities	\$ (23,224)	\$ 31,517	\$ 221,879	\$ 99,403	\$ (43,679)	\$ 124,456	\$ 132,508	\$ 408,295	\$ 600,534	\$ 544,066
Business-type activities	10,941	(3,965)	(5,967)	(8,273)	1,008	4,473	(6,518)	(6,826)	(545)	3,781
Total district	<u>\$ (12,283)</u>	<u>\$ 27,552</u>	<u>\$ 215,912</u>	<u>\$ 91,130</u>	<u>\$ (42,671)</u>	<u>\$ 128,929</u>	<u>\$ 125,990</u>	<u>\$ 401,469</u>	<u>\$ 599,989</u>	<u>\$ 547,847</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Restricted	\$ 123,473	\$ 223,978	\$ 114,944	\$ 254,944	\$ 273,102	\$ 423,102	\$ 545,877	\$ 1,024,139	\$ 1,471,839	\$ 1,810,893
Committed	126,095	9,105	15,894	18,484	917	-	34,005	39,076	49,812	181,911
Assigned	-	18,425	50,787	20,787	-	9,908	1,316	-	-	-
Unassigned	200,374	172,088	217,423	189,416	212,075	241,736	243,095	262,193	369,684	314,197
Total general fund	<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>\$ 1,325,408</u>	<u>\$ 1,891,335</u>	<u>\$ 2,307,001</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,092	\$ 7,054	\$ 6,905
Capital projects fund	(37,162)	-	256,528	36,203	-	-	-	-	-	-
Assigned, reported in										
Capital projects fund	884	-	-	-	-	-	-	-	-	-
Debt service fund	-	2,187	2,187	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ (36,278)</u>	<u>\$ 2,187</u>	<u>\$ 258,715</u>	<u>\$ 36,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,092</u>	<u>\$ 7,054</u>	<u>\$ 6,905</u>
								*		

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax levy	\$ 1,768,703	\$ 1,803,591	\$ 1,832,018	\$ 1,864,125	\$ 1,901,163	\$ 1,931,752	\$ 1,930,214	\$ 1,952,428	\$ 1,988,421	\$ 2,025,247
Other local governmental units	-	-	-	5,369	3,650	3,750	3,840	-	1,964	2,224
Tuition charges	49,126	46,359	64,412	37,352	39,315	57,075	75,952	34,861	13,475	32,175
Interest earnings	122	203	315	-	-	-	-	-	-	-
Miscellaneous	11,554	16,591	17,484	7,391	2,737	10,239	4,993	16,558	8,066	5,245
State sources	448,413	458,581	484,462	516,000	579,031	630,635	656,822	648,598	757,976	655,051
State sources - capital grants	-	(7,320)	104,000	-	-	-	-	-	-	-
Federal sources	61,709	69,489	53,224	46,724	53,290	43,337	51,322	30,081	49,675	104,097
<b>Total revenues</b>	<b>2,339,627</b>	<b>2,387,494</b>	<b>2,555,915</b>	<b>2,476,961</b>	<b>2,579,186</b>	<b>2,676,788</b>	<b>2,723,143</b>	<b>2,682,526</b>	<b>2,819,577</b>	<b>2,824,039</b>
<b>Expenditures</b>										
Instruction										
Regular instruction	682,742	687,590	656,977	694,690	778,012	796,026	784,720	723,717	586,792	606,846
Special education instruction	207,740	217,792	215,532	209,577	102,039	117,169	119,016	157,322	153,134	192,268
Other special instruction	6,220	9,561	206	-	-	-	-	-	-	-
Other instruction	22,324	31,298	23,048	29,869	29,587	19,989	21,206	1,974	3,000	-
Support services										
Tuition	143,461	113,397	150,041	130,450	119,434	71,587	61,700	276,000	294,780	323,270
Student & inst related services	354,815	356,914	414,923	367,268	419,731	386,194	343,997	287,114	238,773	221,381
General administration	81,807	77,558	64,550	62,011	70,558	66,670	49,106	50,822	44,851	50,876
School administration services	37,218	36,829	45,153	46,966	47,237	40,444	32,408	20,484	21,106	16,528
Central services	63,272	48,646	49,928	47,600	49,188	47,892	48,905	55,291	41,630	33,773
Plant operations & maintenance	176,026	210,610	156,949	176,763	228,612	190,973	213,123	193,706	199,527	226,358
Pupil transportation	104,871	89,678	113,549	86,221	94,813	61,949	41,418	52,879	28,940	82,260
Employee benefits	248,800	257,334	242,517	271,496	313,424	338,984	436,670	103,670	268,041	273,042
On-behalf TPAF Pension & Social Security contribution	159,552	139,438	156,282	171,700	224,530	262,200	300,325	301,315	320,356	323,319
Capital outlay	-	36,190	7,527	24,041	60,264	30,396	12,881	2,242	-	14,729
Capital projects	65,384	-	3,472	219,326	20,122	-	-	-	-	-
Debt service										
Principal	25,210	30,212	30,000	30,000	30,000	30,000	30,000	35,000	35,000	35,000
Interest & other charges	21,707	21,306	18,281	16,912	15,375	15,663	14,125	12,460	10,666	8,872
<b>Total expenditures</b>	<b>2,401,149</b>	<b>2,364,353</b>	<b>2,348,935</b>	<b>2,584,890</b>	<b>2,602,926</b>	<b>2,476,136</b>	<b>2,509,600</b>	<b>2,273,996</b>	<b>2,246,596</b>	<b>2,408,522</b>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess (deficiency) of revenues over (under) expenditures	\$ (61,522)	\$ 23,141	\$ 206,980	\$ (107,929)	\$ (23,740)	\$ 200,652	\$ 213,543	\$ 408,530	\$ 572,981	\$ 415,517
Other financing sources (uses)										
Prior year adjustment - capital project interest income	-	(237)	-	-	-	-	-	-	-	-
Transfers in (out)	(23,877)	(10,785)	(5,000)	-	(10,000)	(12,000)	(63,996)	(24,335)	-	-
Total other financing sources (uses)	(23,877)	(11,022)	(5,000)	-	(10,000)	(12,000)	(63,996)	(24,335)	-	-
Net change in fund balances	\$ (85,399)	\$ 12,119	\$ 201,980	\$ (107,929)	\$ (33,740)	\$ 188,652	\$ 149,547	\$ 384,195	\$ 572,981	\$ 415,517
Debt service as a percentage of non-capital expenditures	2.05%	2.26%	2.11%	2.04%	1.83%	1.90%	1.80%	2.13%	2.07%	1.87%

Source: District Records

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

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Interest income	\$ 121	\$ 203	\$ 315	\$ 373	\$ 407	\$ 1,664	\$ 2,796	\$ 2,477	\$ 462	\$ 396
Tuition	49,126	46,359	64,412	46,102	39,315	57,075	75,952	34,861	13,475	32,175
Milford - custodial services	1,684	3,368	3,436	5,369	3,650	3,750	3,840	-	1,964	2,224
Refunds	-	-	-	1,113	-	2,003	-	-	-	-
Before & after care	9,401	7,308	-	-	-	-	-	-	-	-
Contributions	-	-	-	404	100	490	200	-	200	-
Miscellaneous other	244	465	464	158	126	667	370	581	2,344	1,261
Transportation services	-	1,500	-	-	-	-	-	-	-	-
Building use fees	225	-	-	-	-	-	1,164	-	-	-
Insurance settlement	-	-	4,960	-	-	-	-	-	-	-
Sale of assets	-	2,500	-	-	-	-	-	13,500	-	-
Prior year refunds	-	1,450	1,602	(4,220)	607	3,950	463	-	4,151	1,732
E-rate refunds	-	-	2,030	813	1,497	121	-	-	909	-
Prior year adjustment	-	-	-	-	-	534	-	-	-	-
<b>Annual totals</b>	<b>\$ 60,801</b>	<b>\$ 63,153</b>	<b>\$ 77,219</b>	<b>\$ 50,112</b>	<b>\$ 45,702</b>	<b>\$ 70,254</b>	<b>\$ 84,785</b>	<b>\$ 51,419</b>	<b>\$ 23,505</b>	<b>\$ 37,788</b>

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 2,580,300	\$ 2,265,200	\$ 2,265,200	\$ 2,179,300	\$ 2,138,600	\$ 2,131,000	\$ 2,131,700	\$ 2,131,700	\$ 2,131,700	\$ 2,013,900
Residential	94,829,000	94,913,600	94,625,300	94,300,400	94,080,271	94,617,171	94,533,071	95,139,271	95,143,071	94,884,171
Farm regular	1,408,800	1,418,800	1,418,800	1,418,800	1,418,800	1,418,800	1,177,300	1,166,400	1,166,400	1,166,400
Q farm	21,100	21,900	21,900	21,900	21,900	21,900	21,900	21,500	20,500	20,500
Commercial	12,759,270	12,759,270	12,447,070	12,447,070	12,447,070	12,377,670	13,026,370	13,043,770	12,877,870	12,877,870
Industrial	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000	1,985,800	1,985,800	1,985,800
Apartment	3,238,200	3,238,200	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
<b>Total assessed value</b>	<b>116,828,670</b>	<b>116,608,970</b>	<b>115,670,270</b>	<b>115,259,470</b>	<b>114,998,641</b>	<b>115,458,541</b>	<b>115,782,341</b>	<b>116,388,441</b>	<b>116,225,341</b>	<b>115,848,641</b>
Public utilities (a)	222,189	182,366	188,786	182,807	182,071	178,706	179,792	183,074	187,355	175,574
<b>Net valuation taxable</b>	<b>\$ 117,050,859</b>	<b>\$ 116,791,336</b>	<b>\$ 115,859,056</b>	<b>\$ 115,442,277</b>	<b>\$ 115,180,712</b>	<b>\$ 115,637,247</b>	<b>\$ 115,962,133</b>	<b>\$ 116,571,515</b>	<b>\$ 116,412,696</b>	<b>\$ 116,024,215</b>
Estimated actual county equalized value	\$ 117,673,350	\$ 114,247,660	\$ 109,034,434	\$ 117,010,214	\$ 116,203,301	\$ 119,509,453	\$ 123,429,625	\$ 122,862,052	\$ 121,630,651	\$ 128,944,449
Percentage of net valuation to estimated actual equalized value	99.47%	102.23%	106.26%	98.66%	99.12%	96.76%	93.95%	94.88%	95.71%	89.98%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.541</b>	<b>\$ 1.528</b>	<b>\$ 1.651</b>	<b>\$ 1.647</b>	<b>\$ 1.678</b>	<b>\$ 1.670</b>	<b>\$ 1.684</b>	<b>\$ 1.706</b>	<b>\$ 1.740</b>	<b>\$ 1.783</b>

Source: Municipal Tax Assessor

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

- (a) Taxable value of machinery, implements and 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	
2013	\$ 1.501	\$ 0.040	\$ 1.541	\$ 0.524	\$ 0.698	\$ 0.352	\$ 3.115
2014	1.486	0.042	1.528	0.612	0.708	0.349	3.197
2015	1.607	0.044	1.651	0.613	0.706	0.335	3.305
2016	1.607	0.040	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
2021	1.702	0.038	1.740	0.652	0.770	0.377	3.539
2022	1.746	0.037	1.783	0.691	0.791	0.400	3.665

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**

	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Pinecrest Village Assoc	\$ 2,900,000	1	2.50%	\$ 3,238,200	1	2.77%
60 Bridge Street LLC	1,868,500	2	1.61%	805,500	4	0.69%
International Paper Company	1,500,000	3	1.29%	1,336,600	2	1.14%
Hunterdon Medical Center Finance	1,131,000	4	0.97%	1,131,000	3	0.97%
FWDSL & Assoc LP	1,066,600	5	0.92%	-	-	-
Individual Property Owner	878,200	6	0.76%	573,700	6	0.49%
Individual Property Owner	689,300	7	0.59%	539,100	7	0.46%
Individual Property Owner	666,200	8	0.57%	504,800	9	0.43%
Individual Property Owner	601,300	9	0.52%	-	-	-
Bridge Street Realty Partners, LLC	573,700	10	0.49%	-	-	-
Stem Brothers	-	-	-	523,700	8	0.45%
Little Kids NJ Partnership	-	-	-	462,500	10	0.40%
60 Bridge Street LLC	-	-	-	702,100	5	0.60%
	<u>\$ 11,874,800</u>		<u>10.22%</u>	<u>\$ 9,817,200</u>		<u>8.40%</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
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%
2021	1,988,421	1,988,421	100.00%
2022	2,025,247	2,025,247	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			Bond Anticipation Notes (BANs)	Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases					
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	0.28%	239
2018	255,000	-	-	-	-	255,000	0.25%	214
2019	225,000	-	-	-	-	225,000	0.22%	189
2020	190,000	-	-	-	-	190,000	0.17%	160
2021	155,000	-	-	-	-	155,000	0.14%	132
2022	120,000	-	-	-	-	120,000	N/A	97

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		
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%	189
2020	190,000	-	190,000	0.16%	160
2021	155,000	-	155,000	0.13%	132
2022	120,000	-	120,000	0.10%	97

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, 2021**

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Governmental unit			
Debt repaid with property taxes			
Municipality	\$ 635,849	100.00%	\$ 635,849
Regional High School	-	5.07%	-
County general obligation debt	96,226,693	0.56%	<u>538,196</u>
Subtotal, overlapping debt			1,174,045
School district direct debt			<u>120,000</u>
Total direct and overlapping debt			<u><u>\$ 1,294,045</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 2022

		Equalized Valuation Basis
	2021	\$ 129,167,972
	2020	121,605,309
	2019	122,030,292
		\$ 372,803,573
Average equalized valuation of taxable property		\$ 124,267,858
Debt limit (3.0% of average equalization value)	(a)	\$ 3,728,036
Total net debt applicable to limit		120,000
Legal debt margin		\$ 3,608,036

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 3,523,734	\$ 3,580,258	\$ 3,637,734	\$ 3,665,293	\$ 3,728,036
Total net debt applicable	255,000	225,000	190,000	155,000	120,000
Legal debt margin	\$ 3,268,734	\$ 3,355,258	\$ 3,447,734	\$ 3,510,293	\$ 3,608,036
Total net debt applicable to the limit as a percentage of debt limit	7.24%	6.28%	5.22%	4.23%	3.22%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 3,921,201	\$ 3,605,761	\$ 3,420,205	\$ 3,412,505	\$ 3,432,530
Total net debt applicable	595,612	375,000	345,000	315,000	285,000
Legal debt margin	\$ 3,325,589	\$ 3,230,761	\$ 3,075,205	\$ 3,097,505	\$ 3,147,530
Total net debt applicable to the limit as a percentage of debt limit	15.19%	10.40%	10.09%	9.23%	8.30%

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)
2013	1,216	\$ 91,660,864	\$ 75,379	5.9%
2014	1,211	91,085,365	75,215	5.1%
2015	1,206	95,107,572	78,862	5.2%
2016	1,203	97,420,143	80,981	4.7%
2017	1,194	100,013,022	83,763	3.3%
2018	1,191	101,130,192	84,912	3.3%
2019	1,188	104,465,592	87,934	3.8%
2020	1,184	108,864,064	91,946	8.0%
2021	1,176	111,823,488	95,088	4.6%
2022	1,231	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**

2022

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

2013

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<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular and special education	14.60	16.26	16.65	16.53	15.65	16.40	15.42	13.10	12.50	11.60
Support services										
Student and instruction related services	2.90	2.89	2.00	2.00	2.04	1.40	2.54	1.70	1.00	2.10
General administration	0.40	0.40	0.49	0.49	0.49	0.49	0.09	0.30	0.30	0.30
School administration services	0.42	0.41	0.51	0.71	0.81	0.92	0.51	0.40	0.30	0.30
Business office	0.47	0.36	0.46	0.46	0.46	0.58	0.27	0.30	0.30	0.30
Plant operations and maintenance	1.26	1.26	1.26	1.26	1.47	1.55	1.82	1.82	2.00	2.00
Before & after care	0.76	0.62	0.62	0.62	0.62	0.55	0.15	0.15	-	-
Total	<u>20.81</u>	<u>22.20</u>	<u>21.99</u>	<u>22.07</u>	<u>21.54</u>	<u>21.89</u>	<u>20.80</u>	<u>17.77</u>	<u>16.40</u>	<u>16.60</u>

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
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%
2021	53	2,200,930	41,527	17.62%	9.2	1 to 5.76	53.0	50.7	-15.65%	95.75%
2022	56	2,349,921	41,963	1.05%	9.0	1 to 6.22	56.1	51.8	5.83%	92.38%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</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	114.0	107.0	92.0	89.0	75.0	65.0	80.0	62.8	53.0	52.0

Number of schools at June 30, 2022:

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>
2013	\$ 64,552
2014	70,996
2015	24,377
2016	39,575
2017	70,384
2018	53,264
2019	77,909
2020	48,512
2021	52,544
2022	61,130
Total school facilities	<u>\$ 563,243</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, 2022**  
**(Unaudited)**

	Coverage	Deductible
Commercial Package Policy - School Alliance Insurance Fund:		
Property		
Blanket building and contents (fund limit)	\$ 5,000,000,000	\$ 2,500
Accounts receivable	2,500,000	2,500
Automobile physical damage	In Blanket Limit	1,000
Builders risk	25,000,000	2,500
Electronic data processing equipment	In Blanket Limit	2,500
Liability		
Comprehensive general liability	5,000,000	-
Automobile liability	5,000,000	-
Employee benefit liability	5,000,000	1,000
Excess liability (includes general/auto liability)	5,000,000	-
Crime		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction		
Inside	50,000	1,000
Outside	50,000	1,000
Computer Fraud	50,000	1,000
Funds transfer fraud	50,000	1,000
School Board Legal Liability - School Alliance Insurance Fund		
Directors and Officers Policy	5,000,000	5,000
ACE American Insurance Company (SAIF):		
Environmental impairment liability		
Limit of liability		
Incident	1,000,000	10,000
Fund annual aggregate	25,000,000	-
Workers Compensation - NJ Schools Insurance Group		
(a) Statutory Benefits	Included	-
(a) Employer's Liability	5,000,000	-
Supplemental Coverage (optional)	Included	-
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**

**OTHER REROTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART I**



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

Honorable President and  
Members of the Board of Education  
Milford Borough School District  
Milford, 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 (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 15, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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

February 15, 2023  
Flemington, New Jersey

**SUPPLEMENTARY INFORMATION**

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2022		
					From	To	Deferred Rev. (Accts. Rec)	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education Special Revenue Fund															
Special education cluster (IDEA)															
IDEA Basic	84.027	H027A200100	IDEA-3180-22	\$ 23,648	07/01/21	06/30/22	\$ -	\$ -	\$ 23,561	\$ 23,648	\$ -	\$ -	\$ (87)	\$ -	\$ -
IDEA Preschool	84.173	H173S200114	IDEA-3180-22	1,389	07/01/21	06/30/22	-	-	1,389	1,389	-	-	-	-	-
Total special education cluster (IDEA)							-	-	24,950	25,037	-	-	(87)	-	-
Title I A	84.011	S010S200031	ESSA-3180-22	25,385	07/01/21	06/30/22	-	-	21,570	25,356	-	-	(3,786)	-	-
Title II A	84.367A	S367A210029	ESSA-3180-22	2,798	07/01/21	06/30/22	-	-	2,698	2,798	-	-	(100)	-	-
Title II A	84.367A	S367A200029	ESSA-3180-21	3,236	07/01/20	06/30/21	(10)	-	10	-	-	-	-	-	-
Title IV-Part A	84.424	S424A210031	ESSA-3180-22	10,000	07/01/21	06/30/22	-	-	6,781	10,000	-	-	(3,219)	-	-
Small, Rural School Achievement Program	84.358	S358B200030	SS8A202433	19,814	07/01/20	09/30/21	19,814	-	-	-	-	-	-	19,814	-
COVID-19															
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-3180-23	37,302	03/13/20	09/30/23	(11,231)	-	8,753	6,952	-	-	(9,430)	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-3180-23	25,000	03/13/20	09/30/23	-	-	12,221	7,292	-	-	-	4,929	-
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-3180-23	45,000	03/13/20	09/30/23	-	-	15,698	16,237	-	-	(539)	-	-
ARP IDEA Basic	84.027X	H027X210100	ARP-3180-22	2,554	07/01/21	09/30/22	-	-	2,399	2,554	-	-	(155)	-	-
ARP IDEA Preschool	84.173X	H173X210114	ARP-3180-22	218	07/01/21	09/30/22	-	-	171	218	-	-	(47)	-	-
Non-Title I CARES	84.425	S425D200027	CARES-3180-22	8,820	07/01/20	06/30/22	-	-	7,528	7,528	-	-	-	-	-
Total Special Revenue Fund							8,573	-	102,779	103,972	-	-	(17,363)	24,743	-
Total Federal Awards							\$ 8,573	\$ -	\$ 102,779	\$ 103,972	\$ -	\$ -	\$ (17,363)	\$ 24,743	\$ -

See independent auditors' report.

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2022			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	22-495-034-5120-078	\$ 122,032	07/01/21	06/30/22	\$ -	\$ -	\$ 134,141	\$ 122,032	\$ -	\$ -	\$ -	\$ -	\$ 12,109	\$ 122,032
School Choice Aid	22-495-034-5120-068	63,415	07/01/21	06/30/22	-	-	69,708	63,415	-	-	-	-	6,293	63,415
Special Education Categorical Aid	22-495-034-5120-089	52,412	07/01/21	06/30/22	-	-	57,613	52,412	-	-	-	-	5,201	52,412
Extraordinary Aid	22-495-034-5120-014	87,781	07/01/21	06/30/22	-	-	-	87,781	-	(87,781)	-	-	-	87,781
Extraordinary Aid	21-495-034-5120-014	147,867	07/01/20	06/30/21	(147,867)	-	147,867	-	-	-	-	-	-	147,867
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002	226,618	07/01/21	06/30/22	-	-	226,618	226,618	-	-	-	-	-	226,618
On-Behalf TPAF Pension Contribution - Non-Contribution Insurance	22-495-034-5094-004	3,197	07/01/21	06/30/22	-	-	3,197	3,197	-	-	-	-	-	3,197
On-Behalf TPAF Pension Contribution - Post Retirement Medical	22-495-034-5094-001	53,694	07/01/21	06/30/22	-	-	53,694	53,694	-	-	-	-	-	53,694
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004	97	07/01/21	06/30/22	-	-	97	97	-	-	-	-	-	97
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	39,713	07/01/21	06/30/22	-	-	37,643	39,713	-	(2,070)	-	-	-	39,713
Total General Fund					(147,867)	-	730,578	648,959	-	(89,851)	-	-	23,603	796,826
State Department of Education														
Special Revenue Fund														
SDA Emergent and Capital Maintenance Needs	22-100-034-5120-519	1,512	07/01/21	06/30/22	-	-	1,512	1,512	-	-	-	-	-	1,512
Total Special Revenue Fund					-	-	1,512	1,512	-	-	-	-	-	1,512
Total State Financial Assistance					<u>\$ (147,867)</u>	<u>\$ -</u>	<u>\$ 732,090</u>	650,471	<u>\$ -</u>	<u>\$ (89,851)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,603</u>	<u>\$ 798,338</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002							226,618						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004							3,197						
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001							53,694						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004							97						
Total for State Financial Assistance - Major Program Determination								<u>\$ 366,865</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, 2022**

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 \$4,580 for the general fund and \$125 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, 2022**

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	\$ -	\$ 653,539	\$ 653,539
Special revenue fund	104,097	1,512	105,609
Total awards and financial assistance	\$ 104,097	\$ 655,051	\$ 759,148

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, 2022. 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, 2022.

Note 6 - Indirect costs

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

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART II**

**MILFORD BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2022**

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**  
**For the Fiscal Year Ended June 30, 2022**

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?

Not Applicable

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**  
**For the Fiscal Year Ended June 30, 2022**

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2022.

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, 2022.

**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, 2022**

Status of Prior Year Findings

There were no prior year findings or questioned costs.