

**MILFORD BOROUGH
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2023

**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, 2023

TABLE OF CONTENTS

	<u>Page</u>
Other Information - Part I	
Introduction Section	
Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
Financial Section	
Independent Auditors' Report	8 - 11
Required Supplementary Information - Part I	
Management's Discussion and Analysis	12 - 19
Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	20 - 21
A-2 Statement of Activities	22
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	23 - 24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25 - 26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds	
B-4 Combining Statement of Net Position	28
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	29
B-6 Combining Statement of Cash Flows	30
Fiduciary Funds	
B-7 Statement of Net Position	N/A
B-8 Statement of Changes in Net Position	N/A
Notes to the Financial Statements	31 - 65

**MILFORD BOROUGH
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS (continued)

	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 General Fund - Budgetary Comparison Schedule	66 - 71
C-1a Combining Schedule of Program Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Special Revenue Fund - Budgetary Comparison Schedule	72
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	73
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	74
L-2 Schedule of District's Contributions - Public Employees Retirement System	75
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	76
L-4 Schedule of District's Contributions - Teacher's Pension and Annuity Fund	77
M. Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Net Other Postemployment Employee Benefits Liability	78
Notes to the Required Supplementary Information - Part III	79

**MILFORD BOROUGH
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS (continued)

	<u>Page</u>
Other Information - Part II	
D. School Based Budget Schedules	N/A
Combining and Individual Non-Major Fund Financial Schedules	
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenue and Expenditures - Budgetary Basis	80 - 82
E-2 Schedule of Preschool Education Aid Expenditure	83 - 84
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	N/A
G. Proprietary Funds	
Enterprise Fund	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3 Statement of Cash Flows	N/A
H. Fiduciary Funds	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	85
I-2 Schedule of Obligations Under Leases	N/A
I-3 Debt Service Fund - Budgetary Comparison Schedule	86
Statistical Section	
J. Statistical Section	
J-1 Net Position by Component	87
J-2 Changes in Net Position	88 - 90
J-3 Fund Balances - Governmental Funds	91
J-4 Changes in Fund Balances - Governmental Funds	92 - 93
J-5 General Fund - Other Local Revenues by Source	94
J-6 Assessed Value and Actual Value of Taxable Property	95
J-7 Direct and Overlapping Property Tax Rates	96

**MILFORD BOROUGH
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS (continued)

		<u>Page</u>
J.	Statistical Section (continued)	
	J-8 Principal Property Taxpayers	97
	J-9 Property Tax Levies and Collections	98
	J-10 Ratios of Outstanding Debt by Type	99
	J-11 Ratios of Net General Bonded Debt Outstanding	100
	J-12 Direct and Overlapping Governmental Activities Debt	101
	J-13 Legal Debt Margin Information	102
	J-14 Demographic and Economic Statistics	103
	J-15 Principal Employers	104
	J-16 Full Time Equivalent District Employees by Function/Program	105
	J-17 Operating Statistics	106
	J-18 School Building Information	107
	J-19 Schedule of Required Maintenance Expenditures by School Facility	108
	J-20 Insurance Schedule	109
	Single Audit Section	
K.	Single Audit Section	
	Other Reporting Required by Government Auditing Standards - Part I	
	K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	110 - 111
	K-2 Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08	112 - 115
	Supplementary Information	
	K-3 Schedule of Expenditures of Federal Awards, Schedule A	116
	K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	117
	K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	118 - 119
	Other Reporting Required by Government Auditing Standards - Part II	
	K-6 Schedule of Findings and Questioned Costs	120 - 124
	K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	125

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*

November 14, 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, 2023, 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 2022-2023 fiscal year with an enrollment of 60 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>
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%
2022-2023	59.9	6.77%

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 was funded by the Preschool Expansion Aid to increase our revenues, as well as offer a service to the community, residents no longer pay tuition to receive this benefit. 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, 2023.

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, 2023.

8) DEBT ADMINISTRATION

At June 30, 2023, the District had outstanding debt issues of \$80,000 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

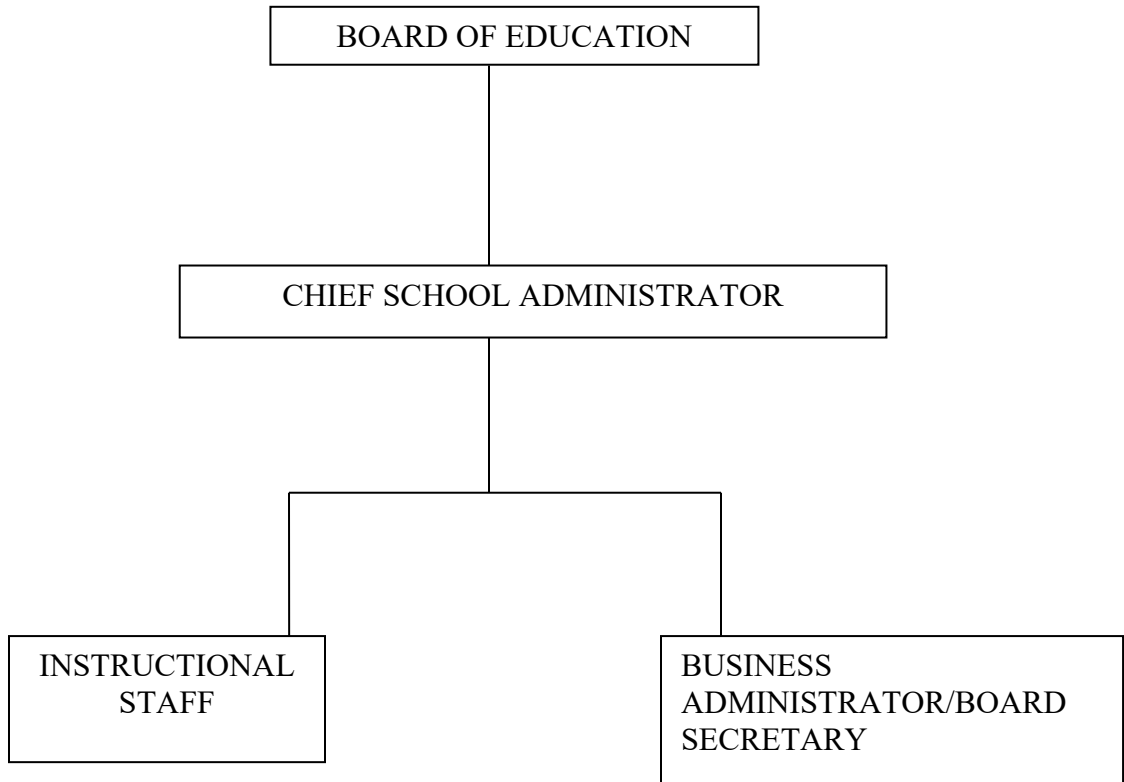
We would like to express our appreciation to the members of Milford Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. 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
Roster of Officials
June 30, 2023

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Laura Hanson	President	2023
Angela Caban	Vice President	2025
Teresa Kane		2023
Nicole Kempf		2023
Benjamin Cramer		2025

<u>Other Officials</u>	<u>Title</u>
Rick Falkenstein	Superintendent
Michele McCann	Board Secretary/School Business Administrator
Paula Hatch	School Treasurer

MILFORD BOROUGH SCHOOL DISTRICT
Consultants and Advisors
June 30, 2023

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

Citizens Bank
101 Wood Ave S
Iselin, NJ 08830



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

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, 2023, 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, 2023, 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 November 14, 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

November 14, 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, 2023
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, 2023. 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 2023 are as follows:

- In total, net position increased \$861,983 which represents a 32.83% increase from 2022.
- General revenues accounted for \$2,909,891 in revenue or 88.60% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$374,577 or 11.40% to total revenues of \$3,284,468.
- Total assets of governmental activities increased by \$764,445. As cash and cash equivalents increased by \$385,557, receivables and other assets increased by \$361,866 and capital assets increased by \$17,022.
- The School District had \$2,422,485 in expenses; only \$374,577 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$2,909,891 were adequate to provide for these expenses.
- Among major funds, the general fund had \$2,791,681 in revenues, \$2,057,332 in expenditures. The general fund's balance increased \$734,349 from 2022.

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, 2023
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 2023?" 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.

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.

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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.

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, 2023 compared to June 30, 2022.

Table 1
Net Position

	6/30/23	6/30/22	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 3,132,843	\$ 2,385,770	\$ 747,073	31.31%
Capital assets	993,946	977,089	16,857	1.73%
Total assets	<u>4,126,789</u>	<u>3,362,859</u>	<u>763,930</u>	<u>22.72%</u>
Deferred outflows of resources				
Deferred amount on pension activity	81,117	101,421	(20,304)	-20.02%
Liabilities				
Long-term liabilities	401,986	407,761	(5,775)	-1.42%
Other liabilities	99,873	70,357	29,516	41.95%
Total liabilities	<u>501,859</u>	<u>478,118</u>	<u>23,741</u>	<u>4.97%</u>
Deferred inflows of resources				
Deferred amount on pension activity	218,573	360,671	(142,098)	-39.40%
Net position				
Net investment in capital assets	913,946	857,089	56,857	6.63%
Restricted	2,339,406	1,817,817	521,589	28.69%
Unrestricted	234,122	(49,415)	283,537	573.79%
Total net position	<u>\$ 3,487,474</u>	<u>\$ 2,625,491</u>	<u>\$ 861,983</u>	<u>32.83%</u>

Total assets increased \$763,930. Cash and cash equivalents increased by \$385,557, receivables and other assets increased by \$361,516 and capital assets increased by \$16,857. 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 \$283,537.

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2023 compared to June 30, 2022.

Table 2
Changes in Net Position

	6/30/23	6/30/22	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 31,096	\$ 48,789	\$ (17,693)	-36.26%
Operating grants and contributions	343,481	105,609	237,872	225.24%
General revenues				
Property taxes	2,067,958	2,025,247	42,711	2.11%
Grants and entitlements	812,595	1,010,231	(197,636)	-19.56%
Other	29,338	3,389	25,949	765.68%
Total revenues	3,284,468	3,193,265	91,203	2.86%
Expenses				
Instruction				
Regular	1,079,276	1,110,458	(31,182)	-2.81%
Special	213,487	392,565	(179,078)	-45.62%
Other	556	-	556	*
Support services				
Tuition	282,333	323,270	(40,937)	-12.66%
Student & instructional related services	427,584	337,947	89,637	26.52%
General & business administration	101,435	87,137	14,298	16.41%
School administration	10,805	17,014	(6,209)	-36.49%
Maintenance	245,331	277,964	(32,633)	-11.74%
Transportation	55,153	82,260	(27,107)	-32.95%
Aftercare	350	545	(195)	-35.78%
Food service	165	8,208	(8,043)	-97.99%
Interest on long-term debt	6,010	8,050	(2,040)	-25.34%
Total expenses	2,422,485	2,645,418	(222,933)	-8.43%
Change in net position	\$ 861,983	\$ 547,847	\$ 314,136	57.34%

*Undefined

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Governmental Activities

Local property taxes made up 62.96% of revenues for governmental activities for the Milford School District for fiscal year 2023.

Instruction comprises 53.39% of district expenses. Support services expenses and debt service make up 46.61% 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, 2023 compared to June 30, 2022.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/23	06/30/22	06/30/23	6/30/22
Instruction	\$ 1,293,319	\$ 1,503,023	\$ 1,141,159	\$ 1,379,286
Support services				
Tuition	282,333	323,270	256,203	323,270
Student & instructional staff	427,584	337,947	303,818	323,556
General & business administration	101,435	87,137	101,435	87,137
School administration	10,805	17,014	(57,268)	17,014
Plant operations & maintenance	245,331	277,964	240,883	274,228
Pupil transportation	55,153	82,260	55,153	82,260
Aftercare	350	545	350	545
Food services	165	8,208	165	(4,326)
Interest on long-term debt	6,010	8,050	6,010	8,050
Total expenses	<u>\$ 2,422,485</u>	<u>\$ 2,645,418</u>	<u>\$ 2,047,908</u>	<u>\$ 2,491,020</u>

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

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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 88.60%. 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 \$3,182,050 and expenditures of \$2,465,083. The general fund had an increase in fund balance of \$734,349.

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 2023, 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 \$156,887 over the original budgeted estimates of \$2,351,665. 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, 2023
Unaudited

Capital Assets

At the end of the fiscal year 2023, the School District had \$993,946 invested in land, building, furniture and equipment and vehicles. Table 4 shows the fiscal year ended June 30, 2023 compared to June 30, 2022.

Table 4
Capital Assets (Net of Depreciation)

	06/30/23	6/30/22	Variance	
			Dollars	Percent
Land	\$ 26,248	\$ 26,248	\$ -	0.00%
Construction in progress	21,870	11,129	10,741	96.51%
Buildings & improvements	899,981	919,558	(19,577)	-2.13%
Vehicles & equipment	45,847	20,154	25,693	127.48%
Total	<u>\$ 993,946</u>	<u>\$ 977,089</u>	<u>\$ 16,857</u>	1.73%

Overall capital assets increased \$16,857 from fiscal year 2022 to fiscal year 2023. Increases in capital assets were due to increases in capital outlays exceeding depreciation.

Long-term liabilities

At June 30, 2023, the School District had \$401,986 of outstanding long-term liabilities. This amount is detailed in Table 5 for the fiscal year ended June 30, 2023 compared to June 30, 2022.

Table 5
Long-Term Liabilities

	6/30/23	6/30/22	Variance	
			Dollars	Percent
2009 Bond issue	\$ 80,000	\$ 120,000	\$ (40,000)	-33.33%
Compensated absences	41,412	33,921	7,491	22.08%
PERS net pension liability	280,574	253,840	26,734	10.53%
Total	<u>\$ 401,986</u>	<u>\$ 407,761</u>	<u>\$ (5,775)</u>	-1.42%

MILFORD BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 277,303	\$ 3,976	\$ 281,279
Receivables, net	512,112	-	512,112
Restricted assets			
Capital reserve - cash	2,006,970	-	2,006,970
Emergency reserve - cash	19,066	-	19,066
Maintenance reserve - cash	75,000	-	75,000
Student activities - cash	7,438	-	7,438
Unemployment claims - cash	230,978	-	230,978
Capital assets, net			
Land	26,248	-	26,248
Construction in progress	21,870	-	21,870
Other capital assets, net of depreciation	944,927	901	945,828
Total assets	4,121,912	4,877	4,126,789
Deferred outflows of resources			
Deferred amount on pension activity	81,117	-	81,117
Liabilities			
Accounts payable	41,022	-	41,022
Accrued interest	1,879	-	1,879
Payroll deductions and withholdings payable	8,192	-	8,192
Unemployment compensation claims payable	2,546	-	2,546
Unearned revenue	46,234	-	46,234
Long-term liabilities			
Due within one year	40,000	-	40,000
Due beyond one year	361,986	-	361,986
Total liabilities	501,859	-	501,859
Deferred inflows of resources			
Deferred amount on pension liability	218,573	-	218,573

See accompanying notes to the financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	\$ 913,045	\$ 901	\$ 913,946
Restricted for			
Capital reserve	2,006,970	-	2,006,970
Emergency reserve	19,066	-	19,066
Maintenance reserve	75,000	-	75,000
Student activities	7,438	-	7,438
Unemployment claims	230,932	-	230,932
Unrestricted			
Food service fund	-	3,976	3,976
General fund	248,061	-	248,061
Special revenue fund	(17,915)	-	(17,915)
	<u>\$ 3,482,597</u>	<u>\$ 4,877</u>	<u>\$ 3,487,474</u>
Total net position			

See accompanying notes to the financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Direct Expenses	Indirect Expenses (Benefit) 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	\$ 740,573	\$ 338,703	\$ 24,885	\$ 125,529	\$ -	\$ (928,862)	\$ -	\$ (928,862)
Special education	175,879	37,608	-	1,548	-	(211,939)	-	(211,939)
Other instruction	540	16	-	198	-	(358)	-	(358)
Support services								
Tuition	282,333	-	-	26,130	-	(256,203)	-	(256,203)
Students & instruction related services	380,222	47,362	1,763	122,003	-	(303,818)	-	(303,818)
General & business administration services	98,891	2,544	-	-	-	(101,435)	-	(101,435)
School administration services	10,500	305	-	68,073	-	57,268	-	57,268
Plant operations & maintenance	255,879	(10,548)	4,448	-	-	(240,883)	-	(240,883)
Pupil transportation	55,153	-	-	-	-	(55,153)	-	(55,153)
Interest on long-term debt	6,010	-	-	-	-	(6,010)	-	(6,010)
Total governmental activities	<u>2,005,980</u>	<u>415,990</u>	<u>31,096</u>	<u>343,481</u>	<u>-</u>	<u>(2,047,393)</u>	<u>-</u>	<u>(2,047,393)</u>
Business-type activities								
Aftercare fund	350	-	-	-	-	-	(350)	(350)
Food service	165	-	-	-	-	-	(165)	(165)
Total business-type activities	<u>515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(515)</u>	<u>(515)</u>
Total primary government	<u>\$ 2,006,495</u>	<u>\$ 415,990</u>	<u>\$ 31,096</u>	<u>\$ 343,481</u>	<u>\$ -</u>	<u>(2,047,393)</u>	<u>(515)</u>	<u>(2,047,908)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						2,022,833	-	2,022,833
Property taxes levied for debt service						45,125	-	45,125
Federal and state aid not restricted						812,595	-	812,595
Investment earnings						26,714	-	26,714
Miscellaneous income						2,624	-	2,624
Total general revenues, special items and transfers						<u>2,909,891</u>	<u>-</u>	<u>2,909,891</u>
Change in net position						862,498	(515)	861,983
Net position - beginning						2,620,099	5,392	2,625,491
Net position - ending						<u>\$ 3,482,597</u>	<u>\$ 4,877</u>	<u>\$ 3,487,474</u>

See accompanying notes to the 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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 277,303	\$ -	\$ -	\$ -	\$ 277,303
Due from other funds	31,541	2,130	-	-	33,671
Receivables from other governments					
Local	404,411	-	-	-	404,411
State	49,480	-	-	-	49,480
Federal	-	57,977	-	-	57,977
Other accounts receivable	-	244	-	-	244
Restricted cash and cash equivalents	2,332,014	7,438	-	-	2,339,452
Total assets	\$ 3,094,749	\$ 67,789	\$ -	\$ -	\$ 3,162,538
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 2,130	\$ 31,541	\$ -	\$ -	\$ 33,671
Accounts payable	40,531	491	-	-	41,022
Payroll deductions and withholdings payable	8,192	-	-	-	8,192
Unearned revenue	-	46,234	-	-	46,234
Unemployment compensation claims payable	2,546	-	-	-	2,546
Total liabilities	53,399	78,266	-	-	131,665

See accompanying notes to the financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - current year	\$ 58,876	\$ -	\$ -	\$ -	\$ 58,876
Capital reserve	2,006,970	-	-	-	2,006,970
Emergency reserve	19,066	-	-	-	19,066
Maintenance reserve	75,000	-	-	-	75,000
Unemployment compensation	230,932	-	-	-	230,932
Student activities	-	7,438	-	-	7,438
Committed fund balance					
Year-end encumbrances	336,956	-	-	-	336,956
Assigned fund balance					
Additional assigned fund balance					
- unreserved - designated for					
subsequent year's expenditures					
July 1, 2023-June 30,2024	44,594	-	-	-	44,594
Unassigned fund balance	268,956	(17,915)	-	-	251,041
Total fund balances	3,041,350	(10,477)	-	-	3,030,873
Total liabilities and fund balances	\$ 3,094,749	\$ 67,789	\$ -	\$ -	

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 \$1,731,264 and the accumulated depreciation is \$738,219.	993,045
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(137,456)
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.	(401,986)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,879)
Total net position of governmental activities	\$ 3,482,597

See accompanying notes to the financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 2,022,833	\$ -	\$ -	\$ 45,125	\$ 2,067,958
Other local governmental units	4,448	-	-	-	4,448
Tuition					
Individuals	24,885	-	-	-	24,885
Interest on investments	26,714	-	-	-	26,714
Miscellaneous	2,624	1,763	-	-	4,387
Total local sources	2,081,504	1,763	-	45,125	2,128,392
State sources	710,177	140,690	-	-	850,867
Federal sources	-	202,791	-	-	202,791
Total revenues	2,791,681	345,244	-	45,125	3,182,050
Expenditures					
Current					
Instructional					
Regular instruction	610,191	130,382	-	-	740,573
Special education instruction	174,423	1,456	-	-	175,879
Other instruction	540	-	-	-	540
Support service & undistributed costs					
Tuition	257,758	24,575	-	-	282,333
Student & instruction related services	208,091	172,131	-	-	380,222
General & business administrative services	98,891	-	-	-	98,891
School administrative services	10,500	-	-	-	10,500
Plant operations & maintenance	255,879	-	-	-	255,879
Pupil transportation	55,153	-	-	-	55,153
Unallocated benefits	346,410	14,188	-	-	360,598

See accompanying notes to the 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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 37,671	\$ 19,894	\$ -	\$ -	\$ 57,565
Debt service					
Principal	-	-	-	40,000	40,000
Interest & other charges	1,825	-	-	5,125	6,950
Total expenditures	<u>2,057,332</u>	<u>362,626</u>	<u>-</u>	<u>45,125</u>	<u>2,465,083</u>
Excess (deficit) of revenues over (under) expenditures	734,349	(17,382)	-	-	716,967
Fund balances, July 1	<u>2,307,001</u>	<u>6,905</u>	<u>-</u>	<u>-</u>	<u>2,313,906</u>
Fund balances, June 30	<u><u>\$ 3,041,350</u></u>	<u><u>\$ (10,477)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,030,873</u></u>

See accompanying notes to the 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, 2023

Total net changes in fund balances - governmental fund (from B-2)	\$ 716,967			
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because				
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:				
Capital outlays	\$ 57,565			
Depreciation expense	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">(40,543)</td> <td style="width: 20%; text-align: right;">17,022</td> </tr> </table>		(40,543)	17,022
	(40,543)	17,022		
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:				
Debt principal payments	40,000			
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.				
	95,060			
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.				
	940			
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.				
	(7,491)			
Change in net position of governmental activities	\$ 862,498			

See accompanying notes to the financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2023

	<u>After Care Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 3,976	\$ -	\$ 3,976
Total current assets	<u>3,976</u>	<u>-</u>	<u>3,976</u>
Noncurrent assets			
Capital assets	-	13,624	13,624
Less: accumulated depreciation	<u>-</u>	<u>12,723</u>	<u>12,723</u>
Total current assets	<u>-</u>	<u>901</u>	<u>901</u>
Total assets	<u>3,976</u>	<u>901</u>	<u>4,877</u>
Net position			
Net investment in capital assets	-	901	901
Unrestricted	<u>3,976</u>	<u>-</u>	<u>3,976</u>
Total net position	<u>\$ 3,976</u>	<u>\$ 901</u>	<u>\$ 4,877</u>

See accompanying notes to the financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	<u>After Care Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Operating revenues			
Charges for services			
Fees for services	\$ -	\$ -	\$ -
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
Operating expenses			
Depreciation	-	165	165
Total operating expenses	<u>-</u>	<u>165</u>	<u>165</u>
Operating income (loss)	-	(165)	(165)
Other financing sources (uses)			
Miscellaneous	<u>(350)</u>	<u>-</u>	<u>(350)</u>
Change in net position	(350)	(165)	(515)
Net position, beginning	<u>4,326</u>	<u>1,066</u>	<u>5,392</u>
Net position, ending	<u>\$ 3,976</u>	<u>\$ 901</u>	<u>\$ 4,877</u>

See accompanying notes to the financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	After Care Fund	Food Service Fund	Total
Cash flows from operating activities			
Receipts from customers (net)	\$ -	\$ -	\$ -
Payments to vendors (net)	-	-	-
Net cash provided by (used for) operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning	<u>3,976</u>	<u>-</u>	<u>3,976</u>
Cash and cash equivalents, ending	<u><u>\$ 3,976</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,976</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ -	\$ (165)	\$ (165)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	-	165	165
Net cash provided by (used for) operating activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the 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, 2023 of 60 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
-----------	----------

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 2022-2023 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, 2023, 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, 2023, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$	250,000
Insured by GUDPA		2,443,403
Total bank balances	\$	<u>2,693,403</u>

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash		\$	<u>2,620,731</u>
	<u>Ref.</u>		
Unrestricted cash			
Governmental funds, balance sheet	B-1	\$	277,303
Proprietary funds, balance sheet	B-4		3,976
Restricted cash			
Governmental funds, balance sheet	B-1		2,339,452
Total cash		\$	<u>2,620,731</u>

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2023 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	10,741	-	21,870
Total	<u>37,377</u>	<u>10,741</u>	<u>-</u>	<u>48,118</u>
Capital assets, being depreciated				
Land improvements	74,250	-	-	74,250
Building & improvements	1,474,905	13,396	-	1,488,301
Vehicles & equipment	87,167	33,428	-	120,595
Total	<u>1,636,322</u>	<u>46,824</u>	<u>-</u>	<u>1,683,146</u>
Accumulated depreciation				
Land improvements	74,250	-	-	74,250
Building & improvements	555,347	32,973	-	588,320
Vehicles & equipment	68,079	7,570	-	75,649
Total	<u>697,676</u>	<u>40,543</u>	<u>-</u>	<u>738,219</u>
Total capital assets, being depreciated, net	<u>938,646</u>	<u>6,281</u>	<u>-</u>	<u>944,927</u>
Governmental activities capital assets, net	<u>\$ 976,023</u>	<u>\$ 17,022</u>	<u>\$ -</u>	<u>\$ 993,045</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	12,558	165	-	12,723
Business type activities capital assets, net	<u>\$ 1,066</u>	<u>\$ (165)</u>	<u>\$ -</u>	<u>\$ 901</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			\$	21,668	
Special education				5,101	
Support services					
Other instruction				16	
Student & instruction				10,585	
General & business administration				2,868	
School administration services				305	
Total depreciation expense, governmental activities			\$	40,543	

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 120,000	\$ -	\$ 40,000	\$ 80,000	\$ 40,000
Compensated absences payable	33,921	7,491	-	41,412	-
PERS net pension liability	253,840	26,734	-	280,574	-
Total governmental activities long- term liabilities	\$ 407,761	\$ 34,225	\$ 40,000	\$ 401,986	\$ 40,000

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2023, including interest payments are listed as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 40,000	\$ 3,075	\$ 43,075
2025	40,000	1,025	41,025
Total	\$ 80,000	\$ 4,100	\$ 84,100

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, 2023, 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%.	<u>\$ 80,000</u>
---	------------------

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2023 is \$3,899,977. General obligation debt at June 30, 2023 is \$80,000, resulting in a legal debt margin of \$3,819,977.

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.

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 plans (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, 2022 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, 2022 measurement date.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements (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 2022, 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, 2023 was 20.60% 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 plans (continued)

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

Special funding situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be 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 under this legislation 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 related to this legislation. 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 collective 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.

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, 2022:

Net pension liability	\$	280,574
Proportionate share		0.0018591679%
Plan fiduciary net position as a percentage of the total pension liability		62.91%

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases (based on years of service)		2.75 - 6.55%
Investment rate of return		7.00%

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information (continued)

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022 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, 2022 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 estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	4.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	7.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	4.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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.

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, 2022 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%)	\$ 280,574
At a 1% lower rate (6.00%)	363,508
At a 1% higher rate (8.00%)	214,392

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2022 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,025	\$ 1,786
Changes of assumptions	869	42,013
Net difference between projected and actual earnings on pension plan investments	11,613	-
Changes in proportion and differences between District contributions and proportionate share of contributions	43,165	174,774
District contributions subsequent to the measurement date	23,445	
Total	\$ 81,117	\$ 218,573

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, 2023, the Plan measurement date is June 30, 2022) of \$23,445 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (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, 2022 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 4,003	\$ (1,978)	\$ 2,025
Changes of assumptions	1,322	(453)	869
Differences between expected and actual experience	-	11,613	11,613
Deferred inflows of resources			
Differences between expected and actual experience	(1,817)	31	(1,786)
Changes in assumptions	(90,369)	48,356	(42,013)
Differences between projected and actual investment earnings on pension plan investments	(66,868)	66,868	-
Net of deferred outflows	\$ (153,729)	\$ 124,437	\$ (29,292)

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 (benefit) as follows:

<u>Fiscal Year Ended June 30,</u>	
2023	\$ (24,068)
2024	(12,262)
2025	(5,980)
2026	13,046
2027	(28)
Total	\$ (29,292)

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Pension expense (benefit)

For the fiscal year ended June 30, 2023, the District recognized net pension expense (benefit) of (\$71,614), which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$20,319), plus the net amortization of deferred amounts from changes in proportion of (\$52,944), and plus other adjustments to the net pension liability of \$1,649. 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, 2022 measurement date are as follows:

Service cost	\$	13,525
Interest on total pension liability		54,240
Benefit changes		157
Member contributions		(11,278)
Administrative expense		242
Expected investment return net of investment expense		(36,207)
Pension expense related to specific liabilities of individual employers		(194)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		642
Changes of assumptions		(40,545)
Difference between projected and actual investment earnings on pension plan investments		(901)
Pension expense (benefit)	\$	<u>(20,319)</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.

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 plans (continued)
B. Teacher’s pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Member Eligibility</u>
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 contribution policy for TPAF is set by N.J.S.A. 18A:66 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. For the fiscal year 2022, the State’s pension contribution was more than the actuarial determined amount.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (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, 2022, the State of New Jersey contributed \$230,393 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	\$ 4,194,487
Less: State proportionate share of net pension liability	1,354,275
Net pension liability	\$ 2,840,212

Proportionate share	0.0055048819%
---------------------	---------------

Plan fiduciary net position as a percentage of the total pension liability	32.29%
--	--------

Actuarial assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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)	2.75 - 5.65%
Investment rate of return	7.00%

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022 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, 2022 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 estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	4.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	7.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	4.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (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, 2022 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%)	\$ 2,840,212
At a 1% lower rate (6.00%)	3,330,209
At a 1% higher rate (8.00%)	2,427,451

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

Pension expense (benefit)

The components of allocable pension expense (benefit), which exclude pension expense (benefit) related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$ 65,683
Interest on total pension liability	282,884
Benefit changes	-
Member contributions	(49,868)
Administrative expense	694
Expected investment return net of investment expense	(108,997)
Pension expense related to specific liabilities of individual employers	(22)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	11,030
Changes of assumptions	(131,713)
Difference between projected and actual investment earnings on pension plan investments	6,747
Pension expense (benefit)	<u>\$ 76,438</u>

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (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 (\$9,000 in 2023) 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.

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 2023 was \$0.

D. Other pension plan information

During the year ended June 30, 2023, the State of New Jersey contributed \$52,655 to the TPAF for postretirement medical benefits, \$2,743 for non-contributory insurance premiums, \$70 for long-term disability insurance, and \$197,695 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 \$36,887 during the fiscal year ended June 30, 2023 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 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. In fiscal year 2022, the State paid OPEB benefits for 161,238 State and local retirees.

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).

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 \$50,646,462,966 for this special funding situation.

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

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

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, 2022 measurement date is as follows:

State's proportionate share of the OPEB liability	\$	50,646,462,966
District's proportionate share of the State's OPEB liability		3,900,420
Employer OPEB expense and related revenue		25,980
Allocable proportionate percentage		.0077012683%

Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2021	\$ 5,404,590
Service cost	200,611
Interest cost	103,365
Change of benefit terms	-
Differences between expected and actual experiences	(662,721)
Changes of assumptions	(1,046,323)
Member contributions	3,285
Gross benefit payments	(102,387)
Total OPEB liability at June 30, 2022	<u>\$ 3,900,420</u>

There were no changes of the benefit terms from June 30, 2021 to June 30, 2022.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of the June 30, 2021 Plan measurement date to 3.54% as of the June 30, 2022 Plan measurement date.

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

	<u>TPAF</u>	<u>PERS</u>
Salary increases	(based on years of service) 2.75% - 4.25%	(based on years of service) 2.75% - 6.55%

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF and PERS.

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2022 was 3.54%. 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, 2022 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.54%)	\$	3,900,420
At a 1% lower rate (2.54%)		4,584,533
At a 1% higher rate (4.54%)		3,352,137

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

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

Total OPEB liability (school retirees)

Healthcare cost trend rate	\$ 3,900,420
At a 1% lower rate (1% decrease)	3,223,936
At a 1% higher rate (1% increase)	4,789,023

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$25,980 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	\$ 31,541	\$ 2,130
Special revenue fund	2,130	31,541
Total	\$ 33,671	\$ 33,671

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. The special revenue fund had an interfund payable of \$31,541 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - Contingent liabilities

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

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

Note 11 - Risk management

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the 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>
2022 - 2023	\$ 120,000	\$ 1,056	\$ 1,784	\$ 2,687	\$ 233,478
2021 - 2022	-	19	1,873	53	113,325
2020 - 2021	-	29	1,718	89	111,486

Note 12 - Reserve accounts

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

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Reserve accounts (continued)

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$400,000 to their capital reserve account by Board Resolution in June 2023 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	\$ 1,606,970	\$ 400,000	\$ -	\$ -	\$ -	\$ 2,006,970
Emergency	19,066	-	-	-	-	719,066
Maintenance	75,000	-	-	-	-	75,000
Total	<u>\$ 1,701,036</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,101,036</u>

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2023 is as follows:

Restricted	
Excess Surplus - current year	\$ 58,876
Capital reserve account - represents funds restricted to capital projects in the Districts long range facilities plan.	2,006,970
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.	230,932
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.	336,956
Assigned	
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures. July 1, 2023 - June 30, 2024	44,594
Unassigned	
Undesignated - represents fund balance which has not been restricted or designated.	299,480
Total fund balance - budgetary basis (Exhibit C-1)	3,071,874
Last state aid payments not recognized on GAAP basis	(30,524)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 3,041,350

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, 2023 is \$58,876.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Deficit unassigned fund balance in the special revenue fund

The District has a deficit unassigned fund balance of (\$17,915) in the special revenue fund as of June 30, 2022 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit does not alone indicate that the district is facing financial difficulties.

Note 16 - Recent accounting pronouncements not yet effective

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

In June 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.

Note 17 - Subsequent events

The District has evaluated subsequent events through November 14, 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, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 2,022,833	\$ -	\$ 2,022,833	\$ 2,022,833	\$ -
Other local governmental units - unrestricted	4,141	-	4,141	4,448	307
Tuition from individuals	42,000	-	42,000	24,885	(17,115)
Unrestricted miscellaneous revenues	500	-	500	28,282	27,782
Other restricted miscellaneous revenues	-	-	-	1,056	1,056
Total	2,069,474	-	2,069,474	2,081,504	12,030
State sources					
School choice Aid	67,505	-	67,505	67,505	-
Extraordinary Aid	-	-	-	49,168	49,168
Categorical Special Education Aid	85,315	-	85,315	85,315	-
Equalization Aid	122,032	-	122,032	122,032	-
Categorical Security Aid	7,339	-	7,339	7,339	-
Maintenance of Equity Aid	-	-	-	29,260	29,260
Lead testing in drinking water	-	-	-	1,523	1,523
Other State Aid	-	-	-	312	312
Stabilization Aid	-	-	-	44,594	44,594
State reimbursements from Securing Our Children's Future Bond Act	-	-	-	20,000	20,000
TPAF Pension (on-behalf)	-	-	-	197,695	197,695
TPAF Non-contributory insurance	-	-	-	2,743	2,743
TPAF Social Security (reimbursed)	-	-	-	36,887	36,887
TPAF Postretirement benefits	-	-	-	52,655	52,655
TPAF Long-term disability insurance	-	-	-	70	70
Total	282,191	-	282,191	717,098	434,907
Total revenues	\$ 2,351,665	\$ -	\$ 2,351,665	\$ 2,798,602	\$ 446,937
Expenditures					
Current					
Instruction - regular program					
Salaries of Teachers					
Preschool	\$ 65,568	\$ (53,648)	\$ 11,920	\$ 11,920	\$ -
Kindergarten	73,762	1,176	74,938	74,938	-
Grades 1-5	280,916	505	281,421	281,421	-
Regular programs - undistributed instruction					
Other salaries for instruction	1,500	(222)	1,278	1,278	-
Purchased professional - educational services	90,181	(28,893)	61,288	61,288	-
Other purchased services	58,810	(17,626)	41,184	40,724	460
General supplies	73,739	(13,634)	60,105	50,747	9,358
Total	644,476	(112,342)	532,134	522,316	9,818

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Special education					
Resource room/resource center					
Salaries of Teachers	\$ 119,785	\$ (22,487)	\$ 97,298	\$ 94,327	\$ 2,971
Other salaries for instruction	48,438	(36,028)	12,410	4,908	7,502
Other purchased services	3,900	(3,900)	-	-	-
General supplies	1,000	618	1,618	-	1,618
Total	<u>173,123</u>	<u>(61,797)</u>	<u>111,326</u>	<u>99,235</u>	<u>12,091</u>
Total special education	<u>173,123</u>	<u>(61,797)</u>	<u>111,326</u>	<u>99,235</u>	<u>12,091</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	6,350	-	6,350	540	5,810
Supplies and materials	425	-	425	-	425
Total	<u>6,775</u>	<u>-</u>	<u>6,775</u>	<u>540</u>	<u>6,235</u>
Total instruction regular	<u>\$ 824,374</u>	<u>\$ (174,139)</u>	<u>\$ 650,235</u>	<u>\$ 622,091</u>	<u>\$ 28,144</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - regular	\$ 176,868	\$ 27,256	\$ 204,124	\$ 201,868	\$ 2,256
Tuition to other LEAs within the State - special	101,272	(32,567)	68,705	55,890	12,815
Total	<u>278,140</u>	<u>(5,311)</u>	<u>272,829</u>	<u>257,758</u>	<u>15,071</u>
Undistributed expenditures - attendance & social work					
Salaries	46,076	(32)	46,044	25,722	20,322
Total	<u>46,076</u>	<u>(32)</u>	<u>46,044</u>	<u>25,722</u>	<u>20,322</u>
Undistributed expenditures - health services					
Salaries	66,486	-	66,486	55,184	11,302
Purchased professional and technical services	3,100	900	4,000	4,000	-
Other purchased services	250	-	250	-	250
Supplies and materials	4,500	(900)	3,600	609	2,991
Total	<u>74,336</u>	<u>-</u>	<u>74,336</u>	<u>59,793</u>	<u>14,543</u>
Undistributed expenditures - speech, ot, pt & related services					
Purchased professional - educational services	50,918	3,900	54,818	22,379	32,439
Total	<u>50,918</u>	<u>3,900</u>	<u>54,818</u>	<u>22,379</u>	<u>32,439</u>
Undistributed expend - other supp. service stds. - extra service					
Purchased professional - educational services	-	8,135	8,135	8,135	-
Total	<u>-</u>	<u>8,135</u>	<u>8,135</u>	<u>8,135</u>	<u>-</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	10,346	2,465	12,811	6,406	6,405
Supplies and materials	550	-	550	-	550
Total	<u>10,896</u>	<u>2,465</u>	<u>13,361</u>	<u>6,406</u>	<u>6,955</u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - child study teams					
Purchased professional - educational services	\$ 52,424	\$ -	\$ 52,424	\$ 20,719	\$ 31,705
Other purchased professional & technical services	2,500	-	2,500	-	2,500
Other purchased services	4,500	-	4,500	3,927	573
Supplies and materials	250	-	250	-	250
Total	59,674	-	59,674	24,646	35,028
Undistributed expenditures - improvement of inst. service					
Salaries of Supervisor of Instruction	13,114	-	13,114	11,035	2,079
Salaries of secretarial & clerical assist.	2,000	-	2,000	-	2,000
Purchased professional - educational services	16,982	-	16,982	16,982	-
Total	32,096	-	32,096	28,017	4,079
Undistributed expenditures - edu. media service/sch. library					
Other purchased services	21,406	-	21,406	1,604	19,802
Supplies and materials	1,500	-	1,500	-	1,500
Total	22,906	-	22,906	1,604	21,302
Undistributed expenditures - instructional staff training services					
Other purchased services	1,500	-	1,500	-	1,500
Supplies and materials	250	-	250	-	250
Total	1,750	-	1,750	-	1,750
Undistributed expenditures - support service - general admin.					
Salaries	-	34	34	34	-
Legal services	10,000	-	10,000	2,178	7,822
Audit fees	14,530	(1,152)	13,378	13,250	128
Other purchased professional services	36,000	3,017	39,017	39,017	-
BOE other purchased services	3,000	(3,000)	-	-	-
Miscellaneous purchased services	3,900	(1,934)	1,966	1,735	231
Miscellaneous expenditures	-	846	846	846	-
BOE membership dues and fees	2,050	2,188	4,238	4,238	-
Total	69,480	(1)	69,479	61,298	8,181
Undistributed expenditures - supp. service - school admin.					
Purchased professional and technical services	10,500	-	10,500	10,500	-
Total	10,500	-	10,500	10,500	-
Undistributed expenditures - central services					
Salaries	1,926	-	1,926	1,806	120
Purchased professional services	35,500	205	35,705	35,487	218
Purchased technical services	4,350	(205)	4,145	275	3,870
Supplies and materials	250	-	250	25	225
Total	42,026	-	42,026	37,593	4,433

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - req. maint. for school facilities					
Salaries	\$ 38,599	\$ 20,005	\$ 58,604	\$ 24,059	\$ 34,545
Cleaning, repair, and maintenance services	61,875	(38,333)	23,542	20,502	3,040
General supplies	7,500	-	7,500	46	7,454
Other objects	1,500	(725)	775	214	561
Total	109,474	(19,053)	90,421	44,821	45,600
Undistributed expenditures - custodial services					
Salaries	93,240	(13,474)	79,766	61,596	18,170
Purchased professional and technical services	17,563	61,241	78,804	36,504	42,300
Cleaning, repair, and maintenance service	19,475	20,761	40,236	23,976	16,260
Other purchased property services	8,300	(4,045)	4,255	3,853	402
Insurance	26,480	-	26,480	18,472	8,008
General supplies	13,626	-	13,626	9,982	3,644
Energy (electricity)	19,500	-	19,500	11,972	7,528
Energy (oil)	30,592	9,043	39,635	11,968	27,667
Other objects	100	916	1,016	882	134
Total	228,876	74,442	303,318	179,205	124,113
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	24,000	-	24,000	6,300	17,700
General supplies	2,000	-	2,000	300	1,700
Total	26,000	-	26,000	6,600	19,400
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	2,500	-	2,500	1,898	602
General supplies	1,000	-	1,000	108	892
Total	3,500	-	3,500	2,006	1,494
Undistributed expenditures - student transportation service					
Other purchased professional and technical service	7,800	-	7,800	7,800	-
Contract serv-aid in lieu pymts - choice school students	-	4,000	4,000	-	4,000
Contract services (between home & school) - vendors	4,000	(3,784)	216	199	17
Contract service (oth. than between home & school) - vend	-	36,081	36,081	28,877	7,204
Contr service (between home & school) - joint agreements	36,974	(32,297)	4,677	4,677	-
Contract service (sp ed stds) - joint agreements	20,340	(2,676)	17,664	13,600	4,064
General supplies	4,000	(4,000)	-	-	-
Total	73,114	(2,676)	70,438	55,153	15,285
Allocated benefits - employee benefits					
Regular programs - instruction					
Health benefits	162,290	(68,038)	94,252	87,875	6,377
Total	162,290	(68,038)	94,252	87,875	6,377
Special programs - instruction					
Social Security contributions	918	-	918	-	918
Health benefits	82,751	1	82,752	75,188	7,564
Total	83,669	1	83,670	75,188	8,482

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Health services					
Health benefits	\$ 31,953	\$ 10,410	\$ 42,363	\$ 31,389	\$ 10,974
Total	<u>31,953</u>	<u>10,410</u>	<u>42,363</u>	<u>31,389</u>	<u>10,974</u>
Custodial services					
Health benefits	53,274	(11,490)	41,784	23,247	18,537
Total	<u>53,274</u>	<u>(11,490)</u>	<u>41,784</u>	<u>23,247</u>	<u>18,537</u>
Total allocated benefits - employees	<u>\$ 331,186</u>	<u>\$ (69,117)</u>	<u>\$ 262,069</u>	<u>\$ 217,699</u>	<u>\$ 44,370</u>
Unallocated benefits - employee benefits					
Social Security contributions	\$ 23,973	\$ (3,792)	\$ 20,181	\$ 20,181	\$ -
Other retirement contributions - PERS	29,543	(6,098)	23,445	23,445	-
Other retirement contributions - regular	2,348	(2,348)	-	-	-
Workmen's compensation	22,898	(10,164)	12,734	12,734	-
Health benefits	21,221	(21,221)	-	-	-
Tuition reimbursement	5,000	(5,000)	-	-	-
Total	<u>104,983</u>	<u>(48,623)</u>	<u>56,360</u>	<u>56,360</u>	<u>-</u>
On-behalf TPAF Pension contribution	-	-	-	197,695	(197,695)
On-behalf TPAF Non-contributory insurance	-	-	-	2,743	(2,743)
On-behalf TPAF Postretirement medical benefits	-	-	-	52,655	(52,655)
On-behalf TPAF Long-term disability insurance	-	-	-	70	(70)
Reimbursed TPAF Social Security contribution	-	-	-	36,887	(36,887)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,050</u>	<u>(290,050)</u>
Total undistributed expenditures	<u>\$ 1,575,931</u>	<u>\$ (55,871)</u>	<u>\$ 1,520,060</u>	<u>\$ 1,395,745</u>	<u>\$ 124,315</u>
Total current	<u>\$ 2,400,305</u>	<u>\$ (230,010)</u>	<u>\$ 2,170,295</u>	<u>\$ 2,017,836</u>	<u>\$ 152,459</u>
Capital outlay					
Equipment					
Grades 1-5	\$ 22,945	\$ 6,000	\$ 28,945	\$ 26,930	\$ 2,015
Undistributed					
Undistributed expenditures - instruction	3,500	7,500	11,000	3,500	7,500
Undistributed expenditures - general admin.	105,001	(1)	105,000	-	105,000
Undistributed expenditures - req. maint. for school facilities	-	142,728	142,728	-	142,728
Undistributed expenditures - non-instructional service	-	15,845	15,845	-	15,845
Total equipment	<u>131,446</u>	<u>172,072</u>	<u>303,518</u>	<u>30,430</u>	<u>273,088</u>
Facilities acquisition and construction service					
Architectural/engineering services	-	25,717	25,717	7,241	18,476
Assessment for debt service on SDA funding	1,825	-	1,825	1,825	-
Total facilities acquisition and construction service	<u>1,825</u>	<u>25,717</u>	<u>27,542</u>	<u>9,066</u>	<u>18,476</u>
Total capital outlay	<u>\$ 133,271</u>	<u>\$ 197,789</u>	<u>\$ 331,060</u>	<u>\$ 39,496</u>	<u>\$ 291,564</u>
Total expenditures	<u>\$ 2,533,576</u>	<u>\$ (32,221)</u>	<u>\$ 2,501,355</u>	<u>\$ 2,057,332</u>	<u>\$ 444,023</u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Excess (deficiency) of revenues over (under) expenditures	\$ (181,911)	\$ 32,221	\$ (149,690)	\$ 741,270	\$ 890,960
Fund balances, July 1	2,330,604	-	2,330,604	2,330,604	-
Fund balances, June 30	<u>\$ 2,148,693</u>	<u>\$ 32,221</u>	<u>\$ 2,180,914</u>	<u>\$ 3,071,874</u>	<u>\$ 890,960</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (181,911)	\$ -	\$ (181,911)	\$ (181,911)	\$ -
Increase in capital reserve	-	400,000	400,000	400,000	-
Increase in unemployment compensation	-	120,003	120,003	120,000	(3)
Interest earned on unemployment compensation	-	-	-	1,056	1,056
Budgeted fund balance	-	(487,782)	(487,782)	402,125	889,907
Total	<u>\$ (181,911)</u>	<u>\$ 32,221</u>	<u>\$ (149,690)</u>	<u>\$ 741,270</u>	<u>\$ 890,960</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - current year				\$ 58,876	
Capital reserve				2,006,970	
Emergency reserve				19,066	
Maintenance reserve				75,000	
Unemployment compensation				230,932	
Committed fund balance					
Year-end encumbrances				336,956	
Assigned fund balance					
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures July 1, 2023 - June 30, 2024				44,594	
Unassigned fund balance				<u>299,480</u>	
Fund balance per budgetary basis				3,071,874	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(30,524)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,041,350</u>	

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 575,864	\$ (285,481)	\$ 290,383	\$ 200,985	\$ (89,398)
State sources	-	158,613	158,613	158,613	-
Local sources	-	1,763	1,763	1,763	-
Total revenues	<u>\$ 575,864</u>	<u>\$ (125,105)</u>	<u>\$ 450,759</u>	<u>\$ 361,361</u>	<u>\$ (89,398)</u>
Expenditures					
Instruction					
Salaries	\$ 126,546	\$ (36,442)	\$ 90,104	\$ 82,104	\$ 8,000
Other salaries	32,731	(1,999)	30,732	30,212	520
Purchased professional and technical services	13,654	23,233	36,887	5,465	31,422
Supplies	55,289	(17,544)	37,745	11,630	26,115
Total	<u>228,220</u>	<u>(32,752)</u>	<u>195,468</u>	<u>129,411</u>	<u>66,057</u>
Support services					
Tuition	24,575	-	24,575	24,575	-
Salaries	108,093	(263)	107,830	100,302	7,528
Employee benefits	7,618	7,736	15,354	14,188	1,166
Purchased professional and technical services	61,005	(36,918)	24,087	20,183	3,904
Other purchased services	40,812	(10,378)	30,434	22,157	8,277
Supplies	16,887	15,000	31,887	28,888	2,999
Student activities	-	1,230	1,230	1,230	-
Total	<u>258,990</u>	<u>(23,593)</u>	<u>235,397</u>	<u>211,523</u>	<u>23,874</u>
Capital outlay					
Instructional equipment	88,654	(68,760)	19,894	19,894	-
Total expenditures	<u>\$ 575,864</u>	<u>\$ (125,105)</u>	<u>\$ 450,759</u>	<u>\$ 360,828</u>	<u>\$ 89,931</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 533	\$ 533
Fund balances, July 1	<u>6,905</u>	<u>-</u>	<u>6,905</u>	<u>6,905</u>	<u>-</u>
Fund balances, June 30	<u>\$ 6,905</u>	<u>\$ -</u>	<u>\$ 6,905</u>	<u>\$ 7,438</u>	<u>\$ (533)</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 7,438	
Fund balance per budgetary basis				<u>\$ 7,438</u>	

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2023

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,798,602	\$ 361,361
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	-	3,405
Outstanding encumbrances - prior year cancelled	-	(970)
Outstanding encumbrances - current year	-	(637)
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	23,603	-
State aid receivable current year	(30,524)	(17,915)
Total revenues (GAAP basis)	<u>\$ 2,791,681</u>	<u>\$ 345,244</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 2,057,332	\$ 360,828
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	-	3,405
Outstanding encumbrances - prior year cancelled	-	(970)
Outstanding encumbrances - current year	-	(637)
Total expenditures (GAAP basis)	<u>\$ 2,057,332</u>	<u>\$ 362,626</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 as a percentage of the total pension liability
	Percentage	Value			
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	0.0018591679%	280,574	136,961	204.86%	62.91%
2023	N/A	N/A	113,785	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
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%
2023	23,445	(23,445)	-	113,785	20.60%

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)				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 as a percentage of the total pension liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
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	0.00%	-	2,840,212	2,840,212	540,399	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	496,988	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
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%
2023	230,393	(230,393)	-	496,988	46.36%

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				
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	0.00%	-	3,900,420	3,900,420	540,399	0.00%	0.00%
2023	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, 2023

- 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 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% in State fiscal year 2021 and 2.75% in State fiscal year 2022.
- Note 3 - Changes in assumptions - PERS
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% for State fiscal year 2021 and 2.75% for State fiscal year 2022.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate increased from 2.21% in State fiscal year 2021 to 3.54% in State fiscal year 2022. The inflation rate was 2.50% for State fiscal year 2021 and 2022.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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, 2023

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESEA Title IIA	Student Activities	Total
Revenues						
Federal sources	\$ 172,164	\$ 24,575	\$ 1,456	\$ 2,790	\$ -	\$ 200,985
State sources	158,613	-	-	-	-	158,613
Local sources	-	-	-	-	1,763	1,763
Total revenues	\$ 330,777	\$ 24,575	\$ 1,456	\$ 2,790	\$ 1,763	\$ 361,361
Expenditures						
Instruction						
Salaries	\$ 80,648	\$ -	\$ 1,456	\$ -	\$ -	\$ 82,104
Other salaries	30,212	-	-	-	-	30,212
Purchased professional and technical services	5,465	-	-	-	-	5,465
Supplies	11,630	-	-	-	-	11,630
Total	127,955	-	1,456	-	-	129,411
Support services						
Tuition	-	24,575	-	-	-	24,575
Salaries	100,302	-	-	-	-	100,302
Employee benefits	14,188	-	-	-	-	14,188
Purchased professional and technical services	17,393	-	-	2,790	-	20,183
Other purchased services	22,157	-	-	-	-	22,157
Supplies	28,888	-	-	-	-	28,888
Student activities	-	-	-	-	1,230	1,230
Total	182,928	24,575	-	2,790	1,230	211,523
Capital outlay						
Equipment	19,894	-	-	-	-	19,894
Total	19,894	-	-	-	-	19,894
Total expenditures	\$ 330,777	\$ 24,575	\$ 1,456	\$ 2,790	\$ 1,230	\$ 360,828
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ 533	\$ 533
Fund balances, July 1	-	-	-	-	6,905	6,905
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ 7,438	\$ 7,438

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, 2023

	Total Brought Forward	ARP Beyond the School Day	ARP Accelerated Learning	ARP Summer Learning	ARP ESSER III	CRRSA ESSER II	Total Carried Forward
Revenues							
Federal sources	\$ 43,198	\$ 1,730	\$ 43,966	\$ 22,235	\$ 41,917	\$ 19,118	\$ 172,164
State sources	158,613	-	-	-	-	-	158,613
Local sources	-	-	-	-	-	-	-
Total revenues	\$ 201,811	\$ 1,730	\$ 43,966	\$ 22,235	\$ 41,917	\$ 19,118	\$ 330,777
Expenditures							
Instruction							
Salaries	\$ 61,175	\$ -	\$ 16,765	\$ -	\$ -	\$ 2,708	\$ 80,648
Other salaries	18,732	-	-	11,480	-	-	30,212
Purchased professional and technical services	5,465	-	-	-	-	-	5,465
Supplies	1,718	-	-	-	-	9,912	11,630
Total	87,090	-	16,765	11,480	-	12,620	127,955
Support services							
Tuition	-	-	-	-	-	-	-
Salaries	84,674	-	15,628	-	-	-	100,302
Employee benefits	2,005	610	11,573	-	-	-	14,188
Purchased professional and technical services	17,393	-	-	-	-	-	17,393
Other purchased services	2,567	1,120	-	10,755	7,715	-	22,157
Supplies	7,377	-	-	-	21,511	-	28,888
Student activities	-	-	-	-	-	-	-
Total	114,016	1,730	27,201	10,755	29,226	-	182,928
Capital outlay							
Equipment	705	-	-	-	12,691	6,498	19,894
Total	705	-	-	-	12,691	6,498	19,894
Total expenditures	\$ 201,811	\$ 1,730	\$ 43,966	\$ 22,235	\$ 41,917	\$ 19,118	\$ 330,777
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances, July 1	-	-	-	-	-	-	-
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2023

	<u>CRRSA Learning Acceleration</u>	<u>CRRSA Mental Health</u>	<u>Preschool Education</u>	<u>School Climate</u>	<u>SDA Emergent and Capital Maintenance Needs</u>	<u>Total Carried Forward</u>
Revenues						
Federal sources	\$ 14,435	\$ 28,763	\$ -	\$ -	\$ -	\$ 43,198
State sources	-	-	155,860	1,618	1,135	158,613
Local sources	-	-	-	-	-	-
Total revenues	<u><u>\$ 14,435</u></u>	<u><u>\$ 28,763</u></u>	<u><u>\$ 155,860</u></u>	<u><u>\$ 1,618</u></u>	<u><u>\$ 1,135</u></u>	<u><u>\$ 201,811</u></u>
Expenditures						
Instruction						
Salaries	\$ 2,759	\$ -	\$ 58,416	\$ -	\$ -	\$ 61,175
Other salaries	-	-	18,732	-	-	18,732
Purchased professional and technical services	5,000	-	465	-	-	5,465
Supplies	-	-	100	1,618	-	1,718
Total	<u><u>7,759</u></u>	<u><u>-</u></u>	<u><u>77,713</u></u>	<u><u>1,618</u></u>	<u><u>-</u></u>	<u><u>87,090</u></u>
Support services						
Tuition	-	-	-	-	-	-
Salaries	2,699	6,100	75,875	-	-	84,674
Employee benefits	-	-	2,005	-	-	2,005
Purchased professional and technical services	-	15,991	267	-	1,135	17,393
Other purchased services	2,567	-	-	-	-	2,567
Supplies	1,410	5,967	-	-	-	7,377
Student activities	-	-	-	-	-	-
Total	<u><u>6,676</u></u>	<u><u>28,058</u></u>	<u><u>78,147</u></u>	<u><u>-</u></u>	<u><u>1,135</u></u>	<u><u>114,016</u></u>
Capital outlay						
Equipment	-	705	-	-	-	705
Total	<u><u>-</u></u>	<u><u>705</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>705</u></u>
Total expenditures	<u><u>\$ 14,435</u></u>	<u><u>\$ 28,763</u></u>	<u><u>\$ 155,860</u></u>	<u><u>\$ 1,618</u></u>	<u><u>\$ 1,135</u></u>	<u><u>\$ 201,811</u></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>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance Final to Actual
Expenditures			
Instruction			
Salaries of teachers	\$ 58,416	\$ 58,416	\$ -
Other salaries for instruction	18,732	18,732	-
Purchased professional and technical services	4,387	465	3,922
Supplies	18,514	100	18,414
Total	<u>100,049</u>	<u>77,713</u>	<u>22,336</u>
Support services			
Salaries of program director	700	700	-
Other salaries	60,940	60,940	-
Salaries of community parent involvement spec.	11,388	11,388	-
Salaries of master teachers	3,796	2,847	949
Employee benefits	2,005	2,005	-
Purchased professional and technical services	267	267	-
Total	<u>79,096</u>	<u>78,147</u>	<u>949</u>
Total expenditures	<u>\$ 179,145</u>	<u>\$ 155,860</u>	<u>\$ 23,285</u>

MILFORD BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

Calculation of Budget and Carryover

Total revised 2022 - 2023 preschool education aid allocation	\$ 179,145
Add: actual ECPA/PEA carryover (June 30, 2022)	-
Add: budgeted transfer from general fund	-
Total preschool education aid funds available for 2022 - 2023 budget	179,145
Less: 2022 - 2023 budgeted preschool education aid	(179,145)
Available and unbudgeted preschool education aid funds as of June 30, 2023	-
Add: 2022 - 2023 unexpended preschool education aid	23,285
2022 - 2023 Actual carryover preschool education aid	\$ 23,285
2022 - 2023 Preschool education aid carryover budgeted for preschool programs 2023 - 2024	\$ -

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, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/21	Issued	Retired	Balance 06/30/23
			Date	Amount					
Series 2009	07/15/09	\$ 480,000	7/15/23	\$ 40,000	5.13%	\$ 120,000	\$ -	\$ 40,000	\$ 80,000
			7/15/24	40,000	5.13%	-	-	-	-
						<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 80,000</u>

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Revenues				
Local sources				
Local tax levy	\$ 45,125	\$ -	\$ 45,125	\$ -
Total revenues	45,125	-	45,125	-
Expenditures				
Regular debt service				
Redemption of principal	40,000	-	40,000	-
Interest	5,125	-	5,125	-
Total expenditures	45,125	-	45,125	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

STATISTICAL SECTION

MILFORD BOROUGH SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in capital assets	\$ 485,534	\$ 506,905	\$ 749,823	\$ 822,976	\$ 844,239	\$ 845,923	\$ 845,936	\$ 843,595	\$ 856,023	\$ 913,045
Restricted	226,165	373,659	291,147	273,102	423,102	545,877	1,024,139	1,478,893	1,817,817	2,339,406
Unrestricted	(295,982)	(242,968)	(303,971)	(402,758)	(449,565)	(441,516)	(394,576)	(246,455)	(53,741)	230,146
Total governmental activities	<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>	<u>\$ 3,482,597</u>
Business-type activities										
Net investment in capital assets	\$ 5,019	\$ 4,431	\$ 3,843	\$ 3,792	\$ 3,247	\$ 2,702	\$ 2,156	\$ 1,611	\$ 1,066	\$ 901
Unrestricted	19,240	13,861	6,176	7,235	12,253	6,280	-	-	4,326	3,976
Total business-type activities	<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>	<u>\$ 4,877</u>
District-wide										
Net investment in capital assets	\$ 490,553	\$ 511,336	\$ 753,666	\$ 826,768	\$ 847,486	\$ 848,625	\$ 848,092	\$ 845,206	\$ 857,089	\$ 913,946
Restricted	226,165	373,659	291,147	273,102	423,102	545,877	1,024,139	1,478,893	1,817,817	2,339,406
Unrestricted	(276,742)	(229,107)	(297,795)	(395,523)	(437,312)	(435,236)	(394,576)	(246,455)	(49,415)	234,122
Total district-wide	<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>	<u>\$ 3,487,474</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 1,079,276
Special education	319,513	306,097	344,532	171,231	194,963	273,973	271,676	395,377	392,565	213,487
Other instruction	33,059	23,419	74,096	47,624	76,708	25,410	2,031	3,090	-	556
Support services										
Tuition	113,397	150,041	130,450	119,434	71,587	61,700	276,000	294,780	323,270	282,333
Student & instruction related services	402,568	526,520	474,697	628,549	611,220	561,088	370,505	389,160	337,947	427,584
General & business administrative services	128,779	119,885	123,848	138,204	138,481	105,706	110,419	89,081	87,137	101,435
School administration	42,457	70,726	71,273	81,600	72,546	34,751	182,933	21,741	17,014	10,805
Plant operations & maintenance	227,639	176,776	254,049	323,959	323,213	262,086	215,815	261,914	277,964	245,331
Pupil transportation	100,701	122,971	123,621	160,778	88,684	51,536	61,309	28,940	82,260	55,153
Interest on long-term debt	21,531	19,870	18,032	16,496	14,958	13,420	11,638	9,844	8,050	6,010
Total governmental activities expenses	<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>	<u>2,421,970</u>
Business-type activities										
Food services	45,630	34,007	34,830	31,811	27,361	31,104	546	545	545	350
Aftercare	-	-	-	-	-	-	-	-	8,208	165
Total business-type activities	<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>	<u>515</u>
Total district expenses	<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>	<u>\$ 2,422,485</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues										
Governmental activities										
Charges for services	\$ 51,227	\$ 67,848	\$ 42,721	\$ 42,965	\$ 60,825	\$ 79,792	\$ 34,861	\$ 15,441	\$ 36,255	\$ 31,096
Operating grants & contributions	69,489	58,216	46,724	53,290	44,147	51,322	30,081	49,675	105,609	343,481
Total governmental activities	<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>	<u>374,577</u>
Business-type activities										
Charges for services										
Food service	20,443	19,706	17,000	15,140	12,701	14,558	-	-	-	-
Aftercare	-	-	-	-	-	-	-	-	12,534	-
Operating grants & contributions	15,436	8,334	9,557	9,023	7,133	10,028	-	-	-	-
Total business-type activities	<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>	<u>-</u>
Total district-wide program revenues	<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>	<u>\$ 374,577</u>
Net (expense) revenues										
Governmental activities	\$ (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)	\$ (2,047,393)
Business-type activities	(9,751)	(5,967)	(8,273)	(7,648)	(7,527)	(6,518)	(546)	(545)	3,781	(515)
Total district-wide net expenses	<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>	<u>\$ (2,047,908)</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 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	\$ 2,022,833
Taxes levied for debt service	49,653	48,281	44,725	45,375	43,838	42,300	45,635	43,841	42,047	45,125
Unrestricted grants & contributions	458,581	708,734	799,973	957,761	993,609	1,101,116	998,102	1,379,183	1,010,231	812,595
Capital grants - unallocated	-	104,000	-	-	-	-	-	-	-	-
Investment earnings	203	315	-	-	-	-	-	-	-	26,714
Miscellaneous income	11,723	9,056	7,391	2,737	9,429	4,993	16,558	8,064	3,389	2,624
Grant funds deobligated	(7,320)	-	-	(2,003)	-	-	-	-	-	-
Prior year adjustment - capital projects interest income	(237)	-	-	-	-	-	-	-	-	-
Operating transfer	(5,785)	-	-	(10,000)	(12,000)	-	-	-	-	-
Special item - gain/(loss) on disposal of assets	-	-	(153)	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>2,909,891</u>
Business-type activities										
Investment earnings	1	-	-	-	-	-	-	-	-	-
Special item - gain/(loss) on disposal of assets/operations	-	-	-	(1,344)	-	-	(6,280)	-	-	-
Operating transfer	5,785	-	-	10,000	12,000	-	-	-	-	-
Total business-type activities	<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>	<u>-</u>
Total district-wide	<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>	<u>\$ 2,909,891</u>
Change in net position										
Governmental activities	\$ 31,517	\$ 221,879	\$ 99,403	\$ (43,679)	\$ 124,456	\$ 132,508	\$ 408,295	\$ 600,534	\$ 544,066	\$ 862,498
Business-type activities	(3,965)	(5,967)	(8,273)	1,008	4,473	(6,518)	(6,826)	(545)	3,781	(515)
Total district	<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>	<u>\$ 861,983</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ 223,978	\$ 114,944	\$ 254,944	\$ 273,102	\$ 423,102	\$ 545,877	\$ 1,024,139	\$ 1,471,839	\$ 1,810,893	\$ 2,390,844
Committed	9,105	15,894	18,484	917	-	34,005	39,076	49,812	181,911	336,956
Assigned	18,425	50,787	20,787	-	9,908	1,316	-	-	-	-
Unassigned	172,088	217,423	189,416	212,075	241,736	243,095	262,193	369,684	314,197	313,550
Total general fund	<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>	<u>\$ 3,041,350</u>
							*			
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,092	\$ 7,054	\$ 6,905	\$ (10,477)
Capital projects fund	-	256,528	36,203	-	-	-	-	-	-	-
Assigned, reported in										
Debt service fund	2,187	2,187	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ (10,477)</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 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	\$ 2,067,958
Other local governmental units	-	-	5,369	3,650	3,750	3,840	-	1,964	2,224	4,448
Tuition charges	46,359	64,412	37,352	39,315	57,075	75,952	34,861	13,475	32,175	24,885
Interest earnings	203	315	-	-	-	-	-	-	-	26,714
Miscellaneous	16,591	17,484	7,391	2,737	10,239	4,993	16,558	8,066	5,245	4,387
State sources	458,581	484,462	516,000	579,031	630,635	656,822	648,598	757,976	655,051	850,867
State sources - capital grants	(7,320)	104,000	-	-	-	-	-	-	-	-
Federal sources	69,489	53,224	46,724	53,290	43,337	51,322	30,081	49,675	104,097	202,791
Total revenues	2,387,494	2,555,915	2,476,961	2,579,186	2,676,788	2,723,143	2,682,526	2,819,577	2,824,039	3,182,050
Expenditures										
Instruction										
Regular instruction	687,590	656,977	694,690	778,012	796,026	784,720	723,717	586,792	606,846	740,573
Special education instruction	217,792	215,532	209,577	102,039	117,169	119,016	157,322	153,134	192,268	175,879
Other special instruction	9,561	206	-	-	-	-	-	-	-	-
Other instruction	31,298	23,048	29,869	29,587	19,989	21,206	1,974	3,000	-	540
Support services										
Tuition	113,397	150,041	130,450	119,434	71,587	61,700	276,000	294,780	323,270	282,333
Student & inst related services	356,914	414,923	367,268	419,731	386,194	343,997	287,114	238,773	221,381	380,222
General administration	77,558	64,550	62,011	70,558	66,670	49,106	50,822	44,851	50,876	61,297
School administration services	36,829	45,153	46,966	47,237	40,444	32,408	20,484	21,106	16,528	10,500
Central services	48,646	49,928	47,600	49,188	47,892	48,905	55,291	41,630	33,773	37,594
Plant operations & maintenance	210,610	156,949	176,763	228,612	190,973	213,123	193,706	199,527	226,358	255,879
Pupil transportation	89,678	113,549	86,221	94,813	61,949	41,418	52,879	28,940	82,260	55,153
Employee benefits	257,334	242,517	271,496	313,424	338,984	436,670	103,670	268,041	273,042	70,548
On-behalf TPAF Pension & Social Security contribution	139,438	156,282	171,700	224,530	262,200	300,325	301,315	320,356	323,319	290,050
Capital outlay	36,190	7,527	24,041	60,264	30,396	12,881	2,242	-	14,729	57,565
Capital projects	-	3,472	219,326	20,122	-	-	-	-	-	-
Debt service										
Principal	30,212	30,000	30,000	30,000	30,000	30,000	35,000	35,000	35,000	40,000
Interest & other charges	21,306	18,281	16,912	15,375	15,663	14,125	12,460	10,666	8,872	6,950
Total expenditures	2,364,353	2,348,935	2,584,890	2,602,926	2,476,136	2,509,600	2,273,996	2,246,596	2,408,522	2,465,083

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess (deficiency) of revenues over (under) expenditures	\$ 23,141	\$ 206,980	\$ (107,929)	\$ (23,740)	\$ 200,652	\$ 213,543	\$ 408,530	\$ 572,981	\$ 415,517	\$ 716,967
Other financing sources (uses)										
Prior year adjustment - capital project interest income	(237)	-	-	-	-	-	-	-	-	-
Transfers in (out)	(10,785)	(5,000)	-	(10,000)	(12,000)	(63,996)	(24,335)	-	-	-
Total other financing sources (uses)	(11,022)	(5,000)	-	(10,000)	(12,000)	(63,996)	(24,335)	-	-	-
Net change in fund balances	<u>\$ 12,119</u>	<u>\$ 201,980</u>	<u>\$ (107,929)</u>	<u>\$ (33,740)</u>	<u>\$ 188,652</u>	<u>\$ 149,547</u>	<u>\$ 384,195</u>	<u>\$ 572,981</u>	<u>\$ 415,517</u>	<u>\$ 716,967</u>
Debt service as a percentage of non-capital expenditures	2.26%	2.11%	2.04%	1.83%	1.90%	1.80%	2.13%	2.07%	1.87%	1.99%

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interest income	\$ 203	\$ 315	\$ 373	\$ 407	\$ 1,664	\$ 2,796	\$ 2,477	\$ 462	\$ 396	\$ 26,714
Tuition	46,359	64,412	46,102	39,315	57,075	75,952	34,861	13,475	32,175	24,885
Milford - custodial services	3,368	3,436	5,369	3,650	3,750	3,840	-	1,964	2,224	4,448
Refunds	-	-	1,113	-	2,003	-	-	-	-	-
Before & after care	7,308	-	-	-	-	-	-	-	-	-
Contributions	-	-	404	100	490	200	-	200	-	-
Miscellaneous other	465	464	158	126	667	370	581	2,344	1,261	-
Transportation services	1,500	-	-	-	-	-	-	-	-	-
Building use fees	-	-	-	-	-	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	2,624
E-rate refunds	-	2,030	813	1,497	121	-	-	909	-	-
Prior year adjustment	-	-	-	-	534	-	-	-	-	-
Annual totals	\$ 63,153	\$ 77,219	\$ 50,112	\$ 45,702	\$ 70,254	\$ 84,785	\$ 51,419	\$ 23,505	\$ 37,788	\$ 58,671

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 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	\$ 3,143,400
Residential	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	94,294,171
Farm regular	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	1,166,400
Q farm	21,900	21,900	21,900	21,900	21,900	21,900	21,500	20,500	20,500	20,500
Commercial	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	11,746,870
Industrial	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	649,200
Apartment	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	2,900,000
Total assessed value	116,608,970	115,670,270	115,259,470	114,998,641	115,458,541	115,782,341	116,388,441	116,225,341	115,848,641	113,920,541
Public utilities (a)	182,366	188,786	182,807	182,071	178,706	179,792	183,074	187,355	175,574	169,252
Net valuation taxable	\$ 116,791,336	\$ 115,859,056	\$ 115,442,277	\$ 115,180,712	\$ 115,637,247	\$ 115,962,133	\$ 116,571,515	\$ 116,412,696	\$ 116,024,215	\$ 114,089,793
Estimated actual county equalized value	\$ 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	\$ 137,110,675
Percentage of net valuation to estimated actual equalized value	102.23%	106.26%	98.66%	99.12%	96.76%	93.95%	94.88%	95.71%	89.98%	83.21%
Total direct school tax rate (b)	\$ 1.528	\$ 1.651	\$ 1.647	\$ 1.678	\$ 1.670	\$ 1.684	\$ 1.706	\$ 1.740	\$ 1.783	\$ 1.846

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)			Municipality	County	
			Total Direct School Tax Rate					
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	
2023	1.806	0.040	1.846	0.854	0.859	0.431	3.990	

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

	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Pinecrest Village Associates	\$ 2,900,000	1	2.54%	\$ 3,238,200	1
60 Bridge Street LLC	1,868,500	2	1.64%	805,500	4	0.69%
International Paper Company	1,097,900	3	0.96%	1,336,600	2	1.14%
FWDSL & Assoc LP	1,066,600	4	0.93%	-		0.00%
Individual Property Owner	878,200	5	0.77%	539,100	7	0.46%
Individual Property Owner	689,300	6	0.60%	504,800	9	0.43%
Individual Property Owner	666,200	7	0.58%	485,400	10	0.42%
Stem Brothers	601,300	8	0.53%	523,700	8	0.45%
Bridge Street Realty Partners, LLC	573,700	9	0.50%	-		0.00%
Individual Property Owner	565,000	10	0.50%	-		0.00%
Hunterdon Medical Center			0.00%	1,131,000	3	0.97%
60 Bridge Street LLC #2	-		0.00%	702,100	5	0.60%
Peter Trustee Kerl	-		0.00%	573,700	6	0.49%
	<u>\$ 10,906,700</u>		<u>9.55%</u>	<u>\$ 9,840,100</u>		<u>8.42%</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
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%
2023	2,067,958	2,067,958	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					
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	0.10%	97
2023	80,000	-	-	-	-	80,000	N/A	66

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		
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
2023	80,000	-	80,000	0.07%	66

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.

MILFORD BOROUGH SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2022

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Governmental unit			
Debt repaid with property taxes			
Municipality	\$ 540,349	100.00%	\$ 540,349
Regional High School	-	5.05%	-
County general obligation debt	74,164,045	0.56%	<u>413,793</u>
Subtotal, overlapping debt			954,142
School District direct debt			<u>80,000</u>
Total direct and overlapping debt			<u><u>\$ 1,034,142</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 2023

		Equalized Valuation Basis
	2022	\$ 139,224,421
	2021	129,167,972
	2020	121,605,309
		\$ 389,997,702
Average equalized valuation of taxable property		\$ 129,999,234
Debt limit (3.0% of average equalization value)	(a)	\$ 3,899,977
Total net debt applicable to limit		80,000
Legal debt margin		\$ 3,819,977

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 3,580,258	\$ 3,637,734	\$ 3,665,293	\$ 3,728,036	\$ 3,899,977
Total net debt applicable	225,000	190,000	155,000	120,000	80,000
Legal debt margin	\$ 3,355,258	\$ 3,447,734	\$ 3,510,293	\$ 3,608,036	\$ 3,819,977
Total net debt applicable to the limit as a percentage of debt limit	6.28%	5.22%	4.23%	3.22%	2.05%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 3,605,761	\$ 3,420,205	\$ 3,412,505	\$ 3,432,530	\$ 3,523,734
Total net debt applicable	375,000	345,000	315,000	285,000	255,000
Legal debt margin	\$ 3,230,761	\$ 3,075,205	\$ 3,097,505	\$ 3,147,530	\$ 3,268,734
Total net debt applicable to the limit as a percentage of debt limit	10.40%	10.09%	9.23%	8.30%	7.24%

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)
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	123,454,528	100,288	3.6%
2023	1,218	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 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

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

2023

Employer	Employees	Rank	Percentage of Total Municipal Employment
----------	-----------	------	--

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2014

Employer	Employees	Rank	Percentage of Total Municipal Employment
----------	-----------	------	--

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	<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>2023</u>
Instruction										
Regular and special education	16.26	16.65	16.53	15.65	16.40	15.42	13.10	12.50	11.60	8.80
Support services										
Student and instruction related services	2.89	2.00	2.00	2.04	1.40	2.54	1.70	1.00	2.10	2.50
General administration	0.40	0.49	0.49	0.49	0.49	0.09	0.30	0.30	0.30	0.30
School administration services	0.41	0.51	0.71	0.81	0.92	0.51	0.40	0.30	0.30	0.30
Business office	0.36	0.46	0.46	0.46	0.58	0.27	0.30	0.30	0.30	0.30
Plant operations and maintenance	1.26	1.26	1.26	1.47	1.55	1.82	1.82	2.00	2.00	2.50
Before & after care	0.62	0.62	0.62	0.62	0.55	0.15	0.15	-	-	-
Total	<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>	<u>14.70</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
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%	96.96%
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%	95.38%
2021	53	2,200,930	41,527	17.62%	9.2	1 to 5.76	53.0	50.7	-15.61%	95.66%
2022	56	2,349,921	41,963	1.05%	9.0	1 to 6.22	56.1	51.8	5.85%	92.34%
2023	60	2,360,568	39,343	-6.24%	9.0	1 to 6.67	59.9	55.7	6.77%	92.99%

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

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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	107.0	92.0	89.0	75.0	65.0	80.0	62.8	53.0	52.0	56.0

<u>Number of schools at June 30, 2023:</u>	
Elementary	1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

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>
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
2023	44,821
Total school facilities	<u>\$ 543,512</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)

MILFORD BOROUGH SCHOOL DISTRICT
Insurance Schedule
June 30, 2023
(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	3,000,000	-
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 REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART I**



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

**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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

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.

Milford Borough School District’s Response to Findings

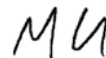
Government Auditing Standards requires the auditor to perform limited procedures on Milford Borough School District’s response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District’s response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

November 14, 2023
Flemington, New Jersey



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

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
New Jersey OMB Circular 15-08**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Milford Borough School District's (the District) compliance with the types of compliance requirements as subject to audit in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the and the New Jersey OMB's Circulars 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We identified certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Example School District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Example School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

BKC, CPAs, PC

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



BKC, CPAs, PC



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

November 14, 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, 2023

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2023		
					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	H027A210100	IDEA-3180-22	\$ 23,648	07/01/21	06/30/22	\$ (87)	\$ -	87	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IDEA Basic	84.027	H027A220100	IDEA-3180-23	24,575	07/01/22	06/30/23	-	-	24,575	24,575	-	-	-	-	-
IDEA Preschool	84.173	H173S220114	IDEA-3180-23	1,456	07/01/22	06/30/23	-	-	1,456	1,456	-	-	-	-	-
Total special education cluster (IDEA)															
							(87)	-	26,118	26,031	-	-	-	-	-
Title I A	84.010	S010S210031	ESSA-3180-22	25,385	07/01/21	06/30/22	(3,786)	-	3,786	-	-	-	-	-	-
Title II A	84.367A	S367A210029	ESSA-3180-22	2,798	07/01/21	06/30/22	(100)	-	100	-	-	-	-	-	-
Title II A	84.367A	S367A220029	ESSA-3180-23	2,790	07/01/22	06/30/23	-	-	598	2,790	-	-	(2,192)	-	-
Title IV-Part A	84.424A	S424A210031	ESSA-3180-22	10,000	07/01/21	06/30/22	(3,219)	-	3,219	(703)	-	-	-	703	-
Small, Rural School Achievement Program	84.358	S358B210030	SS8A212433	19,814	07/01/21	06/30/22	19,814	-	-	-	-	-	-	19,814	-
COVID-19															
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-3180-23	37,302	03/13/20	09/30/23	(9,430)	-	21,219	19,118	-	-	(7,329)	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-3180-23	25,000	03/13/20	09/30/23	4,929	-	8,441	14,435	(47)	-	(1,112)	-	-
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-3180-23	45,000	03/13/20	09/30/23	(539)	-	29,060	28,763	-	-	(242)	-	-
ARP IDEA Basic	84.027X	H027X210100	ARP-3180-22	2,554	07/01/21	09/30/22	(155)	-	155	-	-	-	-	-	-
ARP IDEA Preschool	84.173X	H173X210114	ARP-3180-22	218	07/01/21	09/30/22	(47)	-	-	-	47	-	-	-	-
ARP ESSER															
ARP ESSER	84.425U	S425U2100027	ESSER-3180-24	83,834	03/13/20	09/30/24	-	-	17,745	41,917	-	-	(24,172)	-	-
Evidenced Based Comprehensive															
Beyond the School Day	84.425U	S425U2100027	ESSER-3180-24	40,000	03/13/20	09/30/24	-	-	-	1,730	-	-	(1,730)	-	-
Accelerated Learning Coach and															
Educator Support	84.425U	S425U2100027	ESSER-3180-24	50,000	03/13/20	09/30/24	-	-	22,138	43,966	-	-	(21,828)	-	-
NJTSS Mental Health	84.425U	S425U2100027	ESSER-3180-24	45,000	03/13/20	09/30/24	-	-	23,033	22,235	-	-	-	798	-
Total Special Revenue Fund							7,380	-	155,612	200,282	-	-	(58,605)	21,315	-
Total Federal Awards							\$ 7,380	\$ -	\$ 155,612	\$ 200,282	\$ -	\$ -	\$ (58,605)	\$ 21,315	\$ -

See independent auditors' report.

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2023			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	23-495-034-5120-078	\$ 122,032	07/01/22	06/30/23	\$ -	\$ -	\$ 135,232	\$ 122,032	\$ -	\$ -	\$ -	\$ -	\$ 13,200	\$ 122,032
School Choice Aid	23-495-034-5120-068	67,505	07/01/22	06/30/23	-	-	74,807	67,505	-	-	-	-	7,302	67,505
Special Education Categorical Aid	23-495-034-5120-089	85,315	07/01/22	06/30/23	-	-	94,543	85,315	-	-	-	-	9,228	85,315
Security Aid	23-495-034-5120-084	7,339	07/01/22	06/30/23	-	-	6,545	7,339	-	-	-	-	794	7,339
Stabilization Aid	23-495-034-5120-128	44,594	07/01/22	06/30/23	-	-	44,594	44,594	-	-	-	-	-	44,594
Extraordinary Aid	22-495-034-5120-014	87,781	07/01/21	06/30/22	(87,781)	-	87,781	-	-	-	-	-	-	87,781
Extraordinary Aid	23-495-034-5120-014	49,168	07/01/22	06/30/23	-	-	-	49,168	-	(49,168)	-	-	-	49,168
Nonpublic Transportation	23-495-034-5120-014	312	07/01/22	06/30/23	-	-	-	312	-	(312)	-	-	-	312
Lead Testing for School Aid	23-495-034-5120-104	1,523	07/01/22	06/30/23	-	-	1,523	1,523	-	-	-	-	-	1,523
Secure our Future Children's Future	23-100-082-2600-A92	20,000	07/01/22	06/30/23	-	-	20,000	20,000	-	-	-	-	-	20,000
Maintenance of Equity	23-495-034-5120-128	29,260	07/01/22	06/30/23	-	-	29,260	29,260	-	-	-	-	-	29,260
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002	197,695	07/01/22	06/30/23	-	-	197,695	197,695	-	-	-	-	-	197,695
On-Behalf TPAF Pension Contribution - Non-Contribution Insurance	23-495-034-5094-004	2,743	07/01/22	06/30/23	-	-	2,743	2,743	-	-	-	-	-	2,743
On-Behalf TPAF Pension Contribution - Post Retirement Medical	23-495-034-5094-001	52,655	07/01/22	06/30/23	-	-	52,655	52,655	-	-	-	-	-	970
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004	70	07/01/22	06/30/23	-	-	70	70	-	-	-	-	-	70
On-Behalf TPAF Pension Contribution - Contribution	22-495-034-5094-003	39,713	07/01/21	06/30/22	(2,070)	-	2,070	-	-	-	-	-	-	39,713
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	36,887	07/01/22	06/30/23	-	-	36,887	36,887	-	-	-	-	-	36,887
Total General Fund					(89,851)	-	786,405	717,098	-	(49,480)	-	-	30,524	792,907
State Department of Education														
Special Revenue Fund														
Preschool Expansion Grant	23-495-034-5120-086	179,145	07/01/22	06/30/23	-	-	161,231	155,593	-	-	23,560	-	17,915	179,145
School Climate	23-WB01-G02	6,660	07/01/22	06/30/23	-	-	1,618	1,618	-	-	-	-	-	6,660
SDA Emergent and Capital Maintenance Needs	23-100-034-5120-519	1,135	07/01/22	06/30/23	-	-	1,135	1,135	-	-	-	-	-	1,135
Total Special Revenue Fund					-	-	163,984	158,346	-	-	23,560	-	17,915	186,940
Total State Financial Assistance					\$ (89,851)	\$ -	\$ 950,389	875,444	\$ -	\$ (49,480)	\$ 23,560	\$ -	\$ 48,439	\$ 979,847
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002							197,695						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004							2,743						
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001							52,655						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004							70						
Total for State Financial Assistance - Major Program Determination								\$ 622,281						

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, 2023

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 (\$6,921) for the general fund and (\$16,117) 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, 2023

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	\$ -	\$ 710,177	\$ 710,177
Special revenue fund	202,791	140,690	343,481
Total awards and financial assistance	\$ 202,791	\$ 850,867	\$ 1,053,658

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

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, 2023. 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, 2023.

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, 2023

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, 2023

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? \$750,000

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	Name of State Program
	<i>State Aid Public Cluster:</i>
<i>23-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>23-495-034-5120-078</i>	<i>Equalization Aid</i>
<i>23-495-034-5120-084</i>	<i>Security Aid</i>
<i>23-495-034-5120-068</i>	<i>School Choice Aid</i>
<i>23-495-034-5120-128</i>	<i>Stabilization Aid</i>
	<i>Reimbursed TPAF Social Security Contribution</i>
<i>23-495-034-5094-003</i>	

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Cost
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2023-001

Criteria

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount appropriated in the applicable line-item account or program category account and requires the Board of Education to certify that no over-expenditures occurred.

Condition

Reports of the Board Secretary submitted to the Board of Education for approval included over-expended line items.

Context

Our review of the approved monthly financial reports disclosed instances of over-expenditures of appropriation line-items in the Board Secretary's monthly reports.

Cause

Unknown

Effect

Reports of the Board Secretary submitted to the Board of Education for approval included over-expended line items.

Recommendation

The District should take measures to ensure that over-expenditures of appropriation line item accounts do not occur as required by N.J.A.C. 6A:23A-16.10.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Cost
For the Fiscal Year Ended June 30, 2023

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

Federal Awards

Finding 2023-001

Criteria

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount appropriated in the applicable line item account or program category account and requires the Board of Education to certify that no over-expenditures occurred.

Condition

Reports of the Board Secretary submitted to the Board of Education for approval included over-expended line items.

Context

Our review of the approved monthly financial reports disclosed instances of over-expenditures of appropriation line-items in the Board Secretary's monthly reports.

Cause

Unknown

Effect

Reports of the Board Secretary submitted to the Board of Education for approval included over-expended line items.

Recommendation

The District should take measures to ensure that over-expenditures of appropriation line item accounts do not occur as required by N.J.A.C. 6A:23A-16.10.

View of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

MILFORD BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Cost
For the Fiscal Year Ended June 30, 2023

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

State Awards

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to state financial assistance that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2023-001

Criteria

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount appropriated in the applicable line-item account or program category account and requires the Board of Education to certify that no over-expenditures occurred.

Condition

Reports of the Board Secretary submitted to the Board of Education for approval included over-expended line items.

Context

Our review of the approved monthly financial reports disclosed instances of over-expenditures of appropriation line-items in the Board Secretary's monthly reports.

Cause

Unknown

Effect

Reports of the Board Secretary submitted to the Board of Education for approval included over-expended line items.

Recommendation

The District should take measures to ensure that over-expenditures of appropriation line item accounts do not occur as required by N.J.A.C. 6A:23A-16.10.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**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, 2023**

Status of Prior Year Findings

There were no prior year findings or questioned costs.