

**MILFORD BOROUGH
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**MILFORD BOROUGH BOARD OF EDUCATION
MILFORD BOROUGH, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Prepared by

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

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INTRODUCTORY SECTION

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

Edward Stoloski
Chief School Administrator

Todd Fay
Principal

Judy Holladay
Business Administrator/Board Secretary

November 20, 2015

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

The comprehensive annual financial report of the Milford Elementary School District for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Milford Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and New Jersey 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report of the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

Milford School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 3. All funds and account groups of the District are included in this report. The Frenchtown Board of Education and the school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. This includes regular, as well as special education for special need students. The District completed the 2014-15 fiscal year with an enrollment of 88 students, which is above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percentage Change
2005-2006	117.3	0.00%
2006-2007	113.5	-3.34%
2007-2008	114.9	1.22%
2008-2009	103.3	-11.20%
2009-2010	106.1	2.71%
2010-2011	117.1	10.36%
2011-2012	122.0	4.18%
2012-2013	115.4	-5.40%
2013-2014	107.0	-7.28%
2014-2015	94.7	-11.5%

2) ECONOMIC CONDITION AND OUTLOOK:

Milford Borough is a small town nestled in the hills of Hunterdon County. It sits on the banks of the Delaware River. Across the river is its nearest neighboring community Upper Black Eddy, Pennsylvania. The Borough has a small downtown section, which adds to the charm of the community. The town hosts four local churches, a post office and a compliment of small business establishments. Among them a bank, drug store, appliance store, a hairdressing salon and furniture store. Many originated as family businesses

3.) MAJOR INITIATIVES:

As a small rural school, there are numerous financial challenges facing our district. Escalating costs of expenditures beyond our control such as health benefits and special-education costs, coupled with minimal state aid and budget caps resulted in budgeting difficulties. Needless to say the district has made many efforts at cost containment. Teachers have the opportunity to decline participation in the state health benefits program and receive a stipend for not taking

benefits. The implementation of numerous shared service arrangements with neighboring districts are among our most important practices. At this time with one district we share a world language teacher, bus transportation, and our food service provider where our daily lunches are delivered to our building as a satellite. We also share the services of a Chief School Administrator, Business Administrator, Child Study Team, and curriculum coordinator. In addition, we use Hunterdon County Educational Services Commission as a shared service for technology.

Additional initiatives for Milford School include:

1. Participation in a partnership with Exxon Mobil where grants are written by the Milford teachers and Exxon provides funding for needed science equipment.
2. Use of iPads, Chrome Books and Epson projectors in classrooms.

Due to our low enrollment in one grade it was necessary to place our fourth and fifth graders in a combined 4/5 classroom with one teacher.

In addition, our preschool program includes parent-paid regular education students to increase our revenues, as well as, offer a service to the community. We have several students whose parents pay tuition to attend Milford School because of our small student/teacher ratio. During the 2014-2015 school year, we were a school choice school and received revenue for students who attend from other districts. This program will continue in 2015-2016.

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

4.) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

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, 2015.

	<u>Amount</u> 2013-14	<u>Percentage</u> <u>of Total</u>	<u>Increase/</u> <u>(Decrease)</u> <u>from Prior Yr</u>	<u>Increase</u> <u>(Decrease)</u>
<u>Revenues</u>				
Local Sources				
Tax Levy				
General	1,783,737	72.75%	\$ 29,799	1.70%
Debt Service	48,281	1.97%	(1,372)	2.76%
Other Revenues	82,211	3.35%	19,058	30.18%
State Aid	484,462	19.76%	33,201	7.36%
Federal Aid	53,224	2.17%	(16,265)	23.41%
Total	<u>\$2,451,915</u>	<u>100.00%</u>	<u>\$ 64,421</u>	2.70%

Expenditures

Current Expense	\$2,236,439	95.15%	\$ 18,498	-0.83%
Capital Outlay	7,527	.32%	(30,488)	-80.20%
Special Projects	58,216	2.48%	(11,273)	-16.22%
 Debt Service				
Principal	30,000	1.28%	(212)	-.70%
Interest	18,281	.78%	(1,200)	-6.16%
Total	<u>\$2,350,463</u>	<u>100.00%</u>	<u>\$(24,675)</u>	-1.04%

Note: Excludes lease purchase acquisitions and capital projects.

The funding formula from the State of New Jersey, Department of Education established the above maximum permitted net budget, dictated the amount of fund balance the district could maintain and reduced the amount of unrestricted state aid received. Within these constraints, the Frenchtown Board of Education provided a thorough and efficient education in alignment with the emerging core curriculum standards.

8) DEBT ADMINISTRATION:

At June 30, 2015 the District had outstanding debt issues of \$345,000 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 "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit funds in public depositories protect from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted to protect Governmental Units from a loss of Funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10) RISK MANAGEMENT:

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

11) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William M. Colantano, Jr., CPA, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the related OMB Circular A-133 New Jersey 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of Milford School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the services of our financial staff.

Respectfully submitted,

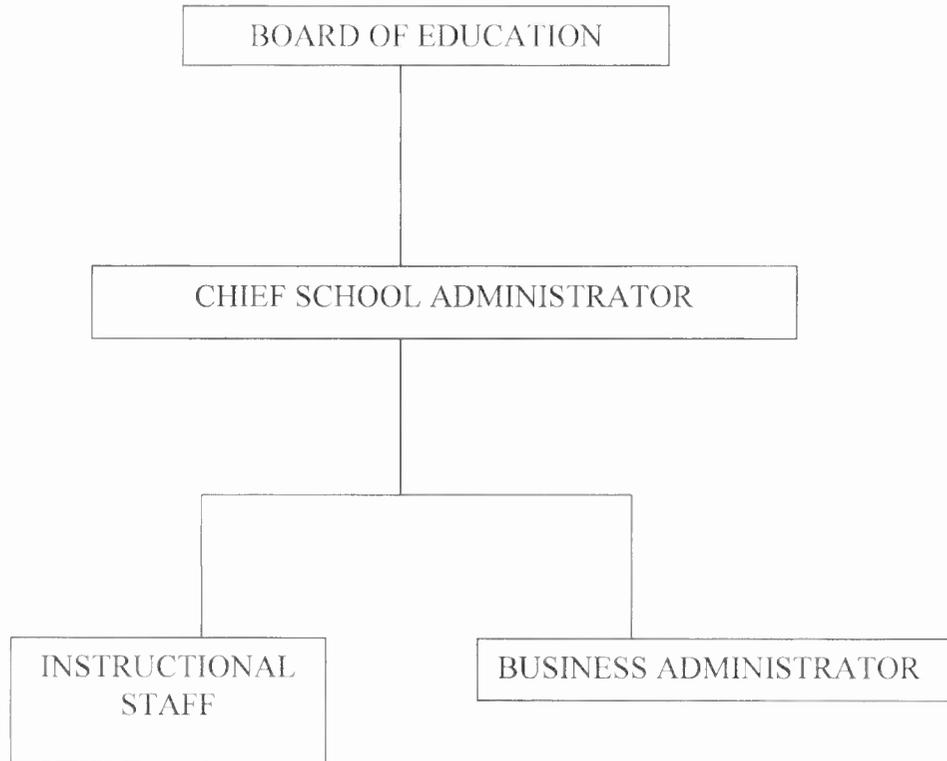


Edward Stoloski
Chief School Administrator



Judy Holladay
Business Administrator/Board Secretary

MILFORD BOROUGH BOARD OF EDUCATION
ORGANIZATIONAL CHART
(UNIT CONTROL)



MILFORD BOROUGH SCHOOL DISTRICT
MILFORD, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2015

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Teresa Kane	President	2017
Terri Heller	Vice President	2017
Westley Hackman		2015
Carrie Donat		2016
Elizabeth Johnson		2016

Other Officials

Edward Stoloski	Superintendent
Judy Holladay	Business Administrator/ Board Secretary
Todd Fay	Principal
Raymond Krov	Treasurer
Philip Stern	Attorney
John Comegno	Attorney

**MILFORD BOROUGH SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

Audit Firm

William M. Colantano, Jr., CPA

Architects

SSP Architectural Group

Attorney

Comego Law Group

Official Depository

PNC Bank

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

November 20, 2015

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Milford Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

William M. Colantano, Jr.

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

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

The discussion and analysis of Milford School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. 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 2015 are as follows:

- In total, net position increased \$215,912, which represents a 49.07% increase from 2014.
- General revenues accounted for \$2,550,123 in revenue or 90.81% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$258,104 or 9.19% of total revenues of \$2,808,227.
- Total assets of governmental activities increased by \$171,518. As cash and cash equivalents increased by \$82,293, receivables and other assets increased by \$108,723 and capital assets decreased by \$19,498.
- The School District had \$2,592,315 in expenses; only \$258,104 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$2,550,123, were adequate to provide for these expenses.
- Among major funds, the General Fund had \$2,345,418 in revenues and \$2,238,966 in expenditures. The General Fund's balance decreased \$54,548 over 2014 after transfers out of \$161,000.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Milford School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Milford School District, the General Fund is by far the most significant fund.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
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 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the school district's programs and services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Governmental activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds**Fund Financial Statements**

The analysis of the School District's major funds begins on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial 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.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

	Table 1 Net Position		Variance	
	6/30/2015	6/30/2014	Dollars	Percent
ASSETS				
Current & Other Assets	\$ 653,181	\$ 467,849	\$ 185,332	39.61%
Capital Assets	856,336	876,422	(20,086)	-2.29%
Total Assets	<u>1,509,517</u>	<u>1,344,271</u>	<u>165,246</u>	12.29%
Deferred Outflows of Resources	<u>30,053</u>	<u>17,544</u>	<u>12,509</u>	71.30%
LIABILITIES				
Long Term Liabilities	807,725	890,201	(82,476)	-9.26%
Other Liabilities	19,661	31,638	(11,977)	-37.86%
Total Liabilities	<u>827,386</u>	<u>921,839</u>	<u>(94,453)</u>	-10.25%
Deferred Inflows of Resources	<u>56,296</u>	<u>-</u>	<u>56,296</u>	*
NET POSITION				
Net Investment in Capital Assets	511,336	490,553	20,783	4.24%
Restricted	373,659	226,165	147,494	65.22%
Unrestricted	(229,107)	(276,742)	47,635	-17.21%
Total Net Position	<u>\$ 655,888</u>	<u>\$ 439,976</u>	<u>\$ 215,912</u>	49.07%

* = Undefined

Total assets increased \$165,246. Cash and cash equivalents increased by \$72,161, receivables and other assets increased by \$113,171 and capital assets decreased by \$20,086. 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 \$47,635 after transfers to restricted funds.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

The negative balance in unrestricted net assets is not a negative reflection on the District's financial condition, but 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 changes in net position for fiscal year 2015.

**Table 2
Changes in Net Position**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 87,554	\$ 71,670	\$ 15,884	22.16%
Operating Grants	66,550	84,925	(18,375)	-21.64%
Capital Grant	104,000	(7,320)	111,320	
General Revenues:				
Property Taxes	1,832,018	1,803,591	28,427	1.58%
Unrestricted Grants	708,734	458,581	250,153	54.55%
Other	9,371	11,690	(2,319)	-19.84%
Total Revenues	<u>2,808,227</u>	<u>2,423,137</u>	<u>385,090</u>	<u>15.89%</u>
PROGRAM EXPENSES				
Instruction:				
Regular	1,042,003	960,311	81,692	8.51%
Special	306,097	319,513	(13,416)	-4.20%
Other	23,419	33,059	(9,640)	-29.16%
Support Services:				
Tuition	150,041	113,397	36,644	32.31%
Student & Instructional Related Services	526,520	402,568	123,952	30.79%
General & Business Administration	119,885	128,779	(8,894)	-6.91%
School Administration	70,726	42,457	28,269	66.58%
Maintenance	176,776	227,639	(50,863)	-22.34%
Transportation	122,971	100,701	22,270	22.11%
Food Service	34,007	45,630	(11,623)	-25.47%
Interest on Long Term Debt	19,870	21,531	(1,661)	-7.71%
Total Expenses	<u>2,592,315</u>	<u>2,395,585</u>	<u>196,730</u>	<u>8.21%</u>
Increase (Decrease) in Net Position	<u>\$ 215,912</u>	<u>\$ 27,552</u>	<u>\$ 188,360</u>	<u>683.65%</u>

Governmental Activities

Property taxes made up 71.67% of revenues for governmental activities for the Milford School District for fiscal year 2015.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

Instruction comprises 52.91% of district expenses. Support service expenses and debt service make up 47.09% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Instruction	\$ 1,371,519	\$ 1,312,883	\$ 1,220,230	\$ 1,237,990
Support Services:				
Tuition	150,041	113,397	120,798	85,251
Student & Instructional Related Services	526,520	402,568	491,938	389,759
General & Business Administration	119,885	128,779	111,565	128,779
School Administration	70,726	42,457	67,532	42,457
Plant Operations & Maintenance	176,776	227,639	173,340	224,271
Pupil Transportation	122,971	100,701	122,971	99,201
Food Services	34,007	45,630	5,967	9,751
Interest on Long Term Debt	19,870	21,531	19,870	21,531
	<u>\$ 2,592,315</u>	<u>\$ 2,395,585</u>	<u>\$ 2,334,211</u>	<u>\$ 2,238,990</u>

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

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

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

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

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.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

The dependence upon tax revenues is apparent. For all activities general revenue support is 90.01%. The community, as a whole, is the primary support for the Milford Public School District.

The Schools District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$2,555,915 and expenditures of \$2,353,935. The net change in fund balance for the year was most significant in the Capital Projects, an increase of \$256,528.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2015, the School District amended its General Fund budget as needed. The School district uses program based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general Fund, budget basis revenue and other financing sources was \$53,718, over the original budgeted estimates of \$2,134,475. This difference was due primarily to additional tuition revenue and extraordinary special education aid.

Capital Assets

At the end of the fiscal year 2015, the School District had \$856,336 invested in land, building, furniture and equipment and vehicles. Table 4 shows fiscal year 2015 compared to 2014.

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

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Land	\$ 26,248	\$ 26,248		
Construction in Progress	3,472	36,190	\$ (32,718)	-90.41%
Buildings & Improvements	802,184	783,456	18,728	2.39%
Machinery & Equipment	24,432	30,528	(6,096)	-19.97%
	<u>\$ 856,336</u>	<u>\$ 876,422</u>	<u>\$ (20,086)</u>	<u>-2.29%</u>

Overall capital assets decreased \$20,086 from fiscal year 2014 to fiscal year 2015. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year.

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

Debt Administration

At June 30, 2015, the School District had \$807,725 of long-term liabilities. Of this amount, \$64,553 is for compensated absences, \$398,172 for PERS net pension liability, and \$345,000 for bonds for school improvements,

At June 30, 2015, the School District’s overall legal debt margin was \$3,420,205 and the unvoted debt margin was \$3,075,205.

**Table 5
Long-Term Liabilities at Year End**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
2009 Bond Issue	\$ 345,000	\$ 375,000	\$ (30,000)	-8.00%
	<u>\$ 345,000</u>	<u>\$ 375,000</u>	<u>\$ (30,000)</u>	<u>-8.00%</u>

For the Future

The Milford District is in fair financial condition presently. The school district is proud of its community support of the public school. A major concern is the increased reliance on local property taxes.

In addition, we use Hunterdon County Educational Services Commission as a shared service for technology. We also engage in shared services with other districts for software purchases, curriculum writing and staff development. We share custodians and groundskeepers with our local government.

Our preschool program includes parent-paid regular education students to increase our revenues, as well as offer a service to the community.

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

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have questions about this report or need additional information, contact: Judy Holladay, School Business Administrator, Milford School District, 7 Hillside Avenue, Milford, NJ 08848, (908) 995-4349.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Govern- mental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 221,195	\$ 7,882	\$ 229,077
Receivables, Net	154,224	438	154,662
Due from Other Funds	1,600		1,600
Internal Balances	(5,541)	5,541	
Inventory		370	370
Restricted Assets:			
Cash	267,472		267,472
Capital Assets, Net (Note 4):			
Land and Construction in Progress	29,720		29,720
Other Capital Assets, Net of Depreciation	822,185	4,431	826,616
Total Assets	<u>1,490,855</u>	<u>18,662</u>	<u>1,509,517</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount of Pension Liability	30,053	-	30,053
LIABILITIES			
Accounts Payable	7,692		7,692
Unearned Revenue	3,495	370	3,865
Accrued Interest	8,104		8,104
Long-Term Liabilities (Note 5):			
Due Within One Year	30,000		30,000
Due Beyond One Year	713,172		713,172
Compensated Absences Payable	64,553		64,553
Total Liabilities	<u>827,016</u>	<u>370</u>	<u>827,386</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount of Pension Liability	56,296	-	56,296
NET POSITION			
Net Investment in Capital Assets	506,905	4,431	511,336
Restricted For:			
Capital Reserve	60,878		60,878
Maintenance Reserve	35,000		35,000
Emergency Reserve	19,066		19,066
Capital Project	256,528		256,528
Debt Service	2,187		2,187
Unrestricted	(242,968)	13,861	(229,107)
TOTAL NET POSITION	<u>\$ 637,596</u>	<u>\$ 18,292</u>	<u>\$ 655,888</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
Government Activities:								
Instruction:								
Regular	\$ 656,977	\$ 385,026	\$ 48,662	\$ 22,122	\$ 45,873	\$ (925,346)		\$ (925,346)
Special Education	215,738	90,359	15,750	1,618	15,600	(273,129)		(273,129)
Other Instruction	23,048	371			1,664	(21,755)		(21,755)
Support Services:								
Tuition	150,041			29,243		(120,798)		(120,798)
Students & Instruction Related Services	414,923	111,597		5,233	29,349	(491,938)		(491,938)
General & Business Administrative Services	114,478	5,407			8,320	(111,565)		(111,565)
School Administrative Services	45,153	25,573			3,194	(67,532)		(67,532)
Plant Operations & Maintenance	156,949	19,827	3,436			(173,340)		(173,340)
Pupil Transportation	102,207	20,764				(122,971)		(122,971)
Interest on Long-Term Debt	19,870					(19,870)		(19,870)
Total Government Activities	1,899,384	658,924	67,848	58,216	104,000	(2,328,244)	\$ -	(2,328,244)
Business-Type Activities:								
Food Service	34,007		19,706	8,334			(5,967)	(5,967)
Total Primary Government	<u>\$ 1,933,391</u>	<u>\$ 658,924</u>	<u>\$ 87,554</u>	<u>\$ 66,550</u>	<u>\$ 104,000</u>	<u>(2,328,244)</u>	<u>(5,967)</u>	<u>(2,334,211)</u>
			General Revenues					
						1,783,737		1,783,737
						48,281		48,281
						708,734		708,734
						315		315
						9,056		9,056
						2,550,123	-	2,550,123
						221,879	(5,967)	215,912
						415,717	24,259	439,976
						\$ 637,596	\$ 18,292	\$ 655,888

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

MILFORD BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents	\$ 219,008			\$ 2,187	\$ 221,195
Receivables from Other Governments:					
State	29,637		\$ 104,000		133,637
Federal		\$ 3,717			3,717
Local	15,702				15,702
Other Receivables	1,168				1,168
Due from Other Funds	5,308				5,308
Restricted Cash & Equivalents	114,944		152,528		267,472
TOTAL ASSETS	\$ 385,767	\$ 3,717	\$ 256,528	\$ 2,187	\$ 648,199
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds	\$ 5,541	\$ 3,708			\$ 9,249
Accounts Payable	7,692				7,692
Unearned Revenue	3,486	9			3,495
Total Liabilities	16,719	3,717	\$ -	\$ -	20,436

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Committed Fund Balance:					
Capital Reserve Account	\$ 60,878				\$ 60,878
Maintenance Reserve Account	35,000				35,000
Emergency Reserve Account	19,066				19,066
Capital Projects			\$ 256,528		256,528
Assigned Fund Balance:					
Year-End Encumbrances	15,894				15,894
Designated for Subsequent Year's Expenditures	20,787				20,787
Unassigned Fund Balance	217,423			\$ 2,187	219,610
Total Fund Balances	369,048	\$ -	\$ 256,528	2,187	627,763
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 385,767</u>	<u>\$ 3,717</u>	<u>\$ 256,528</u>	<u>\$ 2,187</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

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

\$ 1,406,389	
554,484	
<u>851,905</u>	

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds

(26,243)

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

(807,725)

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

(8,104)

Total Net Assets of Governmental Activities

\$ 637,596

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,783,737			\$ 48,281	\$ 1,832,018
Tuition-Individuals	48,662				48,662
Tuition-Other LEAs	15,750				15,750
Interest on Investments	315				315
Miscellaneous	12,492	\$ 4,992			17,484
Total	1,860,956	4,992	\$ -	48,281	1,914,229
State Sources	484,462		104,000		588,462
Federal Sources		53,224			53,224
Total Revenues	2,345,418	58,216	104,000	48,281	2,555,915
EXPENDITURES					
Current:					
Instructional:					
Regular Instruction	634,855	22,122			656,977
Special Education Instruction	214,120	1,412			215,532
Other Special Instruction		206			206
Other Instruction	23,048				23,048
Support Service & Undistributed Costs:					
Tuition	120,798	29,243			150,041
Student & Instruction Related Services	409,690	5,233			414,923
General & Business Administrative Services	114,478				114,478
School Administrative Services	45,153				45,153
Plant Operations & Maintenance	156,949				156,949
Pupil Transportation	113,549				113,549
Unallocated Benefits	398,799				398,799

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 5,702		\$ 3,472		\$ 9,174
Debt Services:					
Principal				\$ 30,000	30,000
Interest & Other Charges	1,825			18,281	20,106
Total Expenditures	<u>2,238,966</u>	<u>\$ 58,216</u>	<u>3,472</u>	<u>48,281</u>	<u>2,348,935</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>106,452</u>	<u>-</u>	<u>100,528</u>	<u>-</u>	<u>206,980</u>
Other Financing Sources (Uses):					
Operating Transfers (Out)-State Unemployment	(5,000)				(5,000)
Operating Transfers (Out)-Capital Reserve Funds	(156,000)				(156,000)
Operating Transfer In-Capital Projects Fund			156,000		156,000
Total Other Financing Sources (Uses)	<u>(161,000)</u>	<u>-</u>	<u>156,000</u>	<u>-</u>	<u>(5,000)</u>
Net Change in Fund Balance	(54,548)	-	256,528	-	201,980
Fund Balances, July 1	<u>423,596</u>	<u>-</u>	<u>-</u>	<u>2,187</u>	<u>425,783</u>
Fund Balances, June 30	<u>\$ 369,048</u>	<u>\$ -</u>	<u>\$ 256,528</u>	<u>\$ 2,187</u>	<u>\$ 627,763</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	201,980
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses:		
Capital Outlays	\$	9,175
Depreciation Expense		<u>(28,673)</u>
		(19,498)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Bond Principal Payments		30,000
Loan Principal Payments		<u>10,869</u>
		40,869
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		
		3,044
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.		
		708
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>(5,224)</u>
Change in Net Position of Governmental Activities	\$	<u><u>221,879</u></u>

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Food Service Total
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 7,882
Receivables from Other Governments:	
State	22
Federal	416
Due from Other Funds:	
General Fund	5,541
Inventory	370
Total Current Assets	14,231
Noncurrent Assets:	
Capital Assets	22,915
Less: Accumulated Depreciation	18,484
Total Noncurrent Assets	4,431
Total Assets	18,662
LIABILITIES	
Current Liabilities:	
Unearned Revenues	370
Total Liabilities	370
NET POSITION	
Net Investment in Capital Assets	4,431
Unrestricted	13,861
TOTAL NET POSITION	\$ 18,292

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Food Service Total</u>
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 16,157
Daily Sales-Nonreimbursable Programs	3,549
Total Operating Revenues	<u>19,706</u>
Other Expenses:	
Costs of Sales-Reimbursable Programs	20,819
Costs of Sales-Nonreimbursable Programs	4,570
Salaries	3,690
Employee Benefits	570
Insurance	735
Management Fees	2,000
Other Purchased Services	383
Repairs and Maintenance	652
Depreciation	588
Total Operating Expenses	<u>34,007</u>
Operating Income (Loss)	<u>(14,301)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	304
Federal Sources:	
National School Lunch Program:	
Cash Assistance	5,675
Non-cash Assistance (Commodities)	2,355
Total Nonoperating Revenues (Expenses)	<u>8,334</u>
Change in Net Position	(5,967)
Net Position, Beginning	<u>24,259</u>
Net Position, Ending	<u>\$ 18,292</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service Total
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 19,706
Payments to Food Service Management Co	(9,557)
Payments to Vendors (Net)	(21,507)
Net Cash Provided by (Used For) Operating Activities	<u>(11,358)</u>
Cash Flows from Non-Capital Financing Activities:	
State Sources	5,721
Federal Sources	324
Interfund Activity:	
General Fund	(4,819)
Net Cash Provided by (Used For) Non-Capital Financing Activities	<u>1,226</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,132)
Cash and Cash Equivalents, Beginning	<u>18,014</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,882</u>
Reconciliation of Operating Income (Loss) to Net Cash Provide by (Used For)	
Operating Activities:	
Operating Income (Loss)	\$ (14,301)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	588
Federal Food Donation Program	2,050
(Increase) Decrease in Inventory	305
Net Cash Provided by (Used For) Operating Activities	<u>\$ (11,358)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash & Cash Equivalents	\$ 39,603	\$ 5,942	\$ 19,085
TOTAL ASSETS	<u>39,603</u>	<u>\$ 5,942</u>	<u>\$ 19,085</u>
LIABILITIES			
Due to Other Funds			\$ 1,600
Due to Student Groups		\$ 5,942	
Payroll Deductions & Withholdings			<u>17,485</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 5,942</u>	<u>\$ 19,085</u>
NET POSITION	<u>\$ 39,603</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	\$ 2,103
Investment Earnings-Interest	14
Total Additions	2,117
DEDUCTIONS	
Unemployment Claims	1,423
	694
Other Financing Sources:	
Transfers in from General Fund	5,000
Change in Net Position	5,694
Net Position, Beginning of the Year	33,909
Net Position, End of the Year	\$ 39,603

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Milford Borough School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2015 of 95 students.

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

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

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

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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

Fiduciary Fund Types

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

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

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if necessary are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were insignificant.

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

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2014-2015 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

MILFORD BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

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

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

MILFORD BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

L. Unearned Revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Balances-Governmental Funds

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

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

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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

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

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

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

MILFORD BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

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

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2015 appear in the financial statements as summarized below:

Cash		<u>\$ 561,179</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 488,667
Enterprise Fund, Statement of Net Position	B-4	7,882
Fiduciary Funds, Statement of Net Position	B-7	<u>64,630</u>
Total Cash		<u>\$ 561,179</u>

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

Deposits – The District's carrying amount of bank deposits at June 30, 2015 is \$561,179 and the bank balance is \$634,318. Of the bank balance, \$250,000 is covered by federal depository insurance and \$384,318 is insured by GUDPA.

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

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

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

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2015, the district had no investments.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 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	36,190	\$ 9,175	\$ 41,893	3,472
Total	<u>62,438</u>	<u>9,175</u>	<u>41,893</u>	<u>29,720</u>
Capital Assets, Being				
Depreciated:				
Land Improvements	74,250			74,250
Building & Improvements	1,107,818	41,893		1,149,711
Furniture & Equipment	152,708			152,708
Total	<u>1,334,776</u>	<u>41,893</u>	<u>-0-</u>	<u>1,376,669</u>
Accumulated Depreciation:				
Land Improvements	74,250			74,250
Building & Improvements	324,362	23,165		347,527
Furniture & Equipment	127,199	5,508		132,707
Total	<u>525,811</u>	<u>28,673</u>	<u>-0-</u>	<u>554,484</u>
Total Capital Assets, Being				
Depreciated, Net	<u>808,965</u>	<u>13,220</u>	<u>-0-</u>	<u>822,185</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 871,403</u>	<u>\$ 22,395</u>	<u>\$ 41,893</u>	<u>\$ 851,905</u>
Business-Type Activities:				
Furniture & Equipment	\$ 22,915			\$ 22,915
Less: Accum Depreciation	<u>17,896</u>	<u>\$ 588</u>		<u>18,484</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 5,019</u>	<u>\$ (588)</u>	<u>\$ -0-</u>	<u>\$ 4,431</u>

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

Instruction:	
Regular	\$ 10,578
Special Education	3,473
Other Instruction	371
Support Services:	
Student & Instruction	6,681
School Administration	727
General & Business Admin	1,843
Transportation	<u>5,000</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 28,673</u>

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 375,000		\$ 30,000	\$ 345,000	\$ 30,000
Capital Leases	10,869		10,869		
PERS Net Pensions Liability	445,003		46,831	398,172	
Compensated Absences Payable	59,329	\$ 5,224		64,553	
Total Governmental Activities Long-Term Liabilities	<u>\$ 890,201</u>	<u>\$ 5,224</u>	<u>\$ 87,700</u>	<u>\$ 807,725</u>	<u>\$ 30,000</u>

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

The annual requirements to amortize all bonds and loans outstanding as of June 30, 2015 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 30,000	\$ 16,913	\$ 46,913
2017	30,000	15,375	45,375
2018	30,000	13,838	43,838
2019	30,000	12,300	42,300
2020	35,000	10,634	45,634
2021	35,000	8,841	43,841
2022	35,000	7,047	42,047
2023	40,000	5,125	45,125
2024	40,000	3,075	43,075
2025	40,000	1,025	41,025
Total	<u>\$ 345,000</u>	<u>\$ 94,173</u>	<u>\$ 439,173</u>

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

Bonds and Loans Payable – Loans payable at June 30, 2015, with their outstanding balances are comprised of the following individual issues:

\$480,000-2009 general obligation school bond, due in annual Installments of \$25,000 to \$40,000 beginning July 15, 2010 through July 15, 2024, interest at 4.00% to 5.125%	\$ <u>345,000</u>
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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, 2015 is \$3,420,205. General obligation debt at June 30, 2015 is \$345,000, resulting in a legal debt margin of \$3,075,205.

NOTE 6. PENSION PLANS

Description of Systems

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

The vesting and benefit provisions are set by NJSA 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

Allocation Methodology and Reconciliation to Financial Statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2014 and 2013 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2014 and 2013, respectively.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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 excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal years 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Collective Net Pension Liability and Actuarial Information

Components of Net Pension Liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 830,923	\$ 867,847
Plan Fiduciary Net Position	<u>432,751</u>	<u>422,844</u>
Net Pension Liability	<u>\$ 398,172</u>	<u>\$ 445,003</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary Increases (Based on Age):	
2012-2021	2.15%-4.40%
Thereafter	3.15%-5.40%
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the District as of June 30, 2014 and 2013, respectively, 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:

	<u>2014</u>
At Current Discount Rate (5.39%)	\$ 398,172
At a 1% Lower Rate (4.39%)	500,914
At a 1% Higher Rate (6.39%)	311,895
	<u>2013</u>
At Current Discount Rate (5.55%)	\$ 445,003
At a 1% Lower Rate (4.55%)	553,970
At a 1% Higher Rate (6.55%)	353,703

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ -0-
Changes of assumptions	12,521	
Net difference between projected and actual earnings on pension plan investments		23,729

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Collective Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between District contributions and proportionate share of contributions		\$ 32,567
District contributions subsequent to the measurement date	\$ 17,532	
Total	<u>\$ 30,053</u>	<u>\$ 56,296</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) of \$17,532 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

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 year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred Outflows of Resources:				
Changes of Assumptions	\$ -0-	\$ 14,822	\$ 2,301	\$ 12,521
Deferred Inflows of Resources:				
Difference Between Projected and Actual Earnings on Pension Plan Investments	-0-	29,661	5,932	<u>23,729</u>
Net of Deferred Outflows/(Inflows)				<u>\$ (11,208)</u>

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

<u>Year Ending June 30,</u>	
2015	\$ (3,631)
2016	(3,631)
2017	(3,631)
2018	(3,631)
2019	2,302
Thereafter	<u>1,014</u>
Total	<u>\$ (11,208)</u>

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Expense

For the year ended June 30, 2015, the District recognized net pension expense of \$14,488 which represents the District's proportionate share of allocable plan pension expense of \$20,471 less the net amortization of deferred amounts from changes in proportion of \$5,986 and plus other adjustments to the net pension liability of \$3. 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 year ending June 30, 2014 are as follows:

Service Cost	\$ 18,629
Interest on Total Pension Liability	43,955
Member Contributions	(10,202)
Administrative Expense	311
Expected Investment Return Net of Investment Expense	(28,465)
Pension Expense Related to Specific Liabilities of Individual Employers	(127)
Recognition of Deferred Inflows/Outflows of Resources:	
Amortization of Assumption Changes or Inputs	2,302
Amortization of Projected Versus Actual Investment Earnings on Pension Plan Investments	(5,932)
Pension Expense	<u>\$ 20,471</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 Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by NJSA 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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
 JUNE 30, 2015
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with NJSA 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 nonemployer 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 nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Net Pension Liability	\$ 4,167,901	\$3,804,109
Employer Pension Expense & Related Revenue	224,272	N/A
Non-Employer Contribution	33,126	48,750
Allocable Proportionate Percentage	.0077982308%	.0075270444%

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,200 for 2015) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

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

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

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

<u>Year Funding</u>	<u>TPAF Retirement Benefit Costs</u>	<u>Percentage of APC Contributed</u>
06/30/15	\$ 102,937	100%
06/30/14	87,079	100%
06/30/13	103,632	100%

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
06/30/15	\$ 17,919	100%
06/30/14	17,544	100%
06/30/13	17,998	100%

During the year ended June 30, 2015, the State of New Jersey contributed \$63,155 to the TPAF for post-retirement medical benefits, \$2,670 for non-contributory insurance premiums and \$37,112 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$53,345 during the year ended June 30, 2015 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 68.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefits Program who retired from a board of education or county college with 25 years of service. In fiscal year 2014, the State paid \$165.8 million toward Ch 126 benefits for 18,122 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 e.t. seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances as of June 30, 2015 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 5,308	\$ 5,541
Enterprise Fund	5,541	
Special Revenue Fund		3,708
Payroll Agency Fund		1,600
	\$ 10,849	\$ 10,849

The amount due from the Special Revenue Fund to the General Fund represents a loan due to delayed receipt of grant funding. The balance due to the Enterprise Fund by the General Fund represents state and federal aid received in the General Fund. The amount due from the Payroll Agency Fund represents a loan for cash flow purposes.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2015 consisted of the following:

Food	\$ 370
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 11. CONTINGENT LIABILITIES

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

NOTE 12. RISK MANAGEMENT

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

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

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

Fiscal Year	Board Contrib	Interest Earnings	Employee Contrib	Amount Reimbursed	Ending Balance
2014-2015	\$ 5,000	\$ 14	\$ 2,103	\$ 1,423	\$ 39,603
2013-2014	5,000	14	2,075	1,650	33,909
2012-2013	5,000	16	2,197	2,108	28,470

NOTE 13. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Balance may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2015 and 2014 is as follows:

	2015	2014
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	\$ 60,878	\$ 148,978
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (18A:76-9)	35,000	15,000
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	19,066	60,000

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 13. FUND BALANCES-BUDGETARY BASIS (Cont'd)

As described in Note 1 N-Fund Balance may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	\$ 15,894	\$ 9,105
Designated Surplus-Designated for Subsequent Year's Expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements		18,425
Designated Surplus-Designated for Subsequent Year's Expenditures-represents unexpended emergency reserve funds	20,787	
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>247,267</u>	<u>202,875</u>
Total Fund Balance	<u>\$ 398,892</u>	<u>\$ 454,383</u>

NOTE 14. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$-0-.

NOTE 15: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 20, 2015, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 16. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, is not expected to have an effect on the District's financial reporting.

MILFORD BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 16. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, which is effective for fiscal periods beginning June 15, 2015 and June 15, 2016 for pension systems not within the scope of GASB 68, is not expected to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefits Other than Pension Plans". This statement, which is effective for fiscal periods beginning June 15, 2016, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". This statement, which is effective for fiscal periods beginning June 15, 2017, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning June 15, 2015, is not expected to have an effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning December 15, 2015, is not expected to have an effect on the District's financial reporting.

NOTE 17. RESTATEMENT OF PRIOR YEAR NET POSITION

During the fiscal year ending June 30, 2015, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 68, for pension liabilities, adjustments to the net position for the net pension liability and deferred outflows of resources as of the measurement date of June 30, 2014 are necessary. The following is a summary of the District's restatement of net position as of June 30, 2014:

	<u>Governmental Activities</u>
Net Position, June 30, 2014 as Originally Stated	\$ 843,176
Add: Deferred Outflow of Resources for Pension Activity	17,544
Less: Net Pension Liability as of June 30, 2014	<u>(445,003)</u>
Net Position, June 30, 2014 as Restated	<u>\$ 415,717</u>

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 18. DEFICIT BALANCE IN UNRESTRICTED NET POSITION

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2015 of \$242,968 on schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but 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.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,783,737		\$ 1,783,737	\$ 1,783,737	
Other Local Governmental Units-Unrestricted	3,000		3,000	3,436	\$ 436
Tuition-Individuals	35,000		35,000	48,662	13,662
Tuition-Other LEAs				15,750	15,750
Interest Earned On Capital Reserve Funds	100		100		(100)
Interest Earned on Investments				315	315
Private Contributions	1,000		1,000		(1,000)
Unrestricted Miscellaneous Revenues	150		150	9,056	8,906
Total	1,822,987	\$ -	1,822,987	1,860,956	37,969
State Sources:					
Categorical Special Education Aid	58,167		58,167	58,167	
Equalization Aid	202,744		202,744	202,744	
Categorical Security Aid	1,915		1,915	1,915	
Categorical Transportation Aid	2,238		2,238	2,238	
School Choice Aid	44,604	(11,151)	33,453	33,453	
Extraordinary Special Education Aid				26,726	26,726
Nonpublic School Transportation Aid				174	174
PARCC Readiness	910		910	910	
Per Pupil Growth Aid	910		910	910	
On-Behalf TPAF Pension Contributions				39,782	39,782
On-Behalf TPAF Post Retirement Medical Benefits				63,155	63,155
Reimbursed TPAF Social Security Contribution				53,345	53,345
Total	311,488	(11,151)	300,337	483,519	183,182
TOTAL REVENUES	\$ 2,134,475	\$ (11,151)	\$ 2,123,324	\$ 2,344,475	\$ 221,151
EXPENDITURES					
Current:					
Regular Programs-Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 89,662	\$ 80	\$ 89,742	\$ 89,208	\$ 534
Grades 1-5	235,019	(950)	234,069	233,423	646
Grades 6-8	192,563	12,425	204,988	204,980	8
Regular Programs-Home Instruction					
Salaries of Teachers		180	180	180	
Other Purchased Services		1,000	1,000	700	300
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	1,500		1,500	750	750
Purchased Professional-Educational Services	36,500	1,950	38,450	38,433	17
Other Purchased Services	43,085	(5,185)	37,900	37,320	580
General Supplies	32,825	9,300	42,125	28,873	13,252
Other Objects	4,070	(3,000)	1,070	988	82
Total	635,224	15,800	651,024	634,855	16,169
Special Education:					
Resource Room/Center:					
Salaries of Teachers	95,568	(7,630)	87,938	87,562	376
Other Salaries for Instruction	54,123	3,180	57,303	57,286	17
Other Purchased Services	500		500		500
General Supplies	2,000	(1,400)	600	267	333
Total	152,191	(5,850)	146,341	145,115	1,226
Preschool Disabilities-Part-Time:					
Salaries of Teachers	49,958	2,000	51,958	51,947	11
Other Salaries for Instruction	9,780	3,200	12,980	12,976	4
Purchased Professional-Educational Services	9,185	(5,163)	4,022	3,864	158
Other Purchased Services	500		500		500
General Supplies	300		300	218	82
Total	69,723	37	69,760	69,005	755
Total Special Education	221,914	(5,813)	216,101	214,120	1,981

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Basic Skills/Remedial-Instruction:					
Salaries	\$ 1,000	\$ (155)	\$ 845		\$ 845
General Supplies	250		250		250
Total	1,250	(155)	1,095	\$ -	1,095
School-Sponsored Co/Extra-Curricular Activities:					
Salaries	10,907	155	11,062	10,310	752
Supplies & Materials	1,500	(1,500)			
Total	12,407	(1,345)	11,062	10,310	752
School-Sponsored Athletics:					
Salaries	12,300		12,300	12,160	140
Purchased Services	6,150	(2,000)	4,150	578	3,572
Supplies & Materials	3,500		3,500		3,500
Total	21,950	(2,000)	19,950	12,738	7,212
Total Instruction Regular	\$ 892,745	\$ 6,487	\$ 899,232	\$ 872,023	\$ 27,209
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Within State-Special	\$ 38,450	\$ 25,506	\$ 63,956	\$ 63,941	\$ 15
Private Schools for the Disabled Within State	60,025	(3,168)	56,857	56,857	
Total	98,475	22,338	120,813	120,798	15
Health Services:					
Salaries	76,179	(1,260)	74,919	74,617	302
Purchased Professional & Technical Services	2,300	(175)	2,125	2,125	
Other Purchased Services		175	175	175	
Supplies & Materials	2,200	3,800	6,000	5,959	41
Total	80,679	2,540	83,219	82,876	343
Speech, OT, PT & Related Services					
Salaries	10,500	(4,470)	6,030	2,401	3,629
Purchased Professional-Educational Services	67,364	2,882	70,246	64,043	6,203
Supplies & Materials	1,200	(1,000)	200	157	43
Total	79,064	(2,588)	76,476	66,601	9,875
Other Support Services Students-Extra Services:					
Purchased Professional-Educational Services	33,800	25,525	59,325	47,378	11,947
Supplies and Materials		450	450	418	32
Total	33,800	25,975	59,775	47,796	11,979
Guidance					
Salaries of Other Professional Staff	29,355	(100)	29,255	28,821	434
Total	29,355	(100)	29,255	28,821	434
Child Study Team:					
Salaries of Other Professional Staff		490	490	486	4
Salaries of Secretarial & Clerical Assistants	40,923	735	41,658	41,421	237
Purchased Professional-Educational Services	97,695	1,010	98,705	98,129	576
Other Purchased Professional & Technical Services		1,000	1,000	1,000	
Other Purchased Services		750	750		750
Miscellaneous Purchased Services	3,127	(1,750)	1,377	1,377	
Supplies & Materials	1,000	(1,000)			
Total	142,745	1,235	143,980	142,413	1,567

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Educational Media Services/School Library:					
Other Purchased Services	\$ 12,685	\$ (1,500)	\$ 11,185	\$ 28,821	\$ (17,636)
Salaries of Technology Coordinators	29,355		29,355	10,629	18,726
Supplies and Materials	500		500	500	
Total	42,540	(1,500)	41,040	39,950	1,090
Instructional Staff Training Services:					
Purchased Professional-Educational Services	2,960	(2,420)	540		540
Other Purchased Services		2,420	2,420	1,233	1,187
Supplies and Materials	100		100		100
Total	3,060	-	3,060	1,233	1,827
Support Services-General Administration:					
Salaries	6,047	(450)	5,597	5,558	39
Legal Services	7,500	(755)	6,745	6,740	5
Audit Fees	10,500	(200)	10,300	10,300	
Other Purchased Professional Services	34,960	(130)	34,830	34,823	7
Miscellaneous Purchased Services	1,780	3,405	5,185	5,080	105
General Supplies	100		100		100
Miscellaneous Expenditures	345		345	300	45
Board of Education Membership Dues and Fees	3,625	(1,870)	1,755	1,749	6
Total	64,857	-	64,857	64,550	307
Support Services-School Administration:					
Salaries of Principals/Assist Principals	39,140		39,140	38,428	712
Salaries of Secretarial and Clerical Assistants	7,150		7,150	6,725	425
Other Purchased Services	1,000	(742)	258		258
Supplies & Materials	100		100		100
Total	47,390	(742)	46,648	45,153	1,495
Central Services:					
Salaries	8,950	2,310	11,260	11,258	2
Purchased Professional Services	39,120	(2,610)	36,510	35,275	1,235
Purchased Technical Services	3,685	(235)	3,450	3,395	55
Supplies & Materials	200	(200)			
Total	51,955	(735)	51,220	49,928	1,292
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	59,846	(29,531)	30,315	24,377	5,938
Total	59,846	(29,531)	30,315	24,377	5,938
Custodial Services:					
Salaries	49,161	4,260	53,421	53,418	3
Purchasing Professional & Technical Services	4,000	(1,000)	3,000	1,893	1,107
Cleaning, Repair, and Maintenance Services	2,000		2,000		2,000
Other Purchased Property Services	4,605		4,605	3,448	1,157
Insurance	14,357		14,357	13,868	489
Miscellaneous Purchased Services	500		500		500
General Supplies	10,000	1,500	11,500	10,692	808
Energy (Electricity)	25,000	(2,000)	23,000	14,606	8,394
Energy (Oil)	25,000		25,000	19,167	5,833
Total	134,623	2,760	137,383	117,092	20,291
Care & Upkeep of Grounds:					
Salaries	10,275		10,275	10,055	220
General Supplies	2,000	4,000	6,000	5,425	575
Total	12,275	4,000	16,275	15,480	795

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Student Transportation Services:					
Salaries for Pupil Trans (Between Home & Sch)-Sp Ed	\$ 37,482	\$ 1,044	\$ 38,526	\$ 38,236	\$ 290
Salaries for Pupil Trans (Other than Btw Home & Sch)	4,128		4,128	4,128	
Cleaning, Repair & Maintenance Services	2,060	(692)	1,368	1,021	347
Lease Purchase Payments-School Buses	11,343		11,343	11,343	
Contract Svc (Other than Btw Home & Sch)-Vendors		17,840	17,840	17,836	4
Contr Serv (Bet. Home & Sch) – Joint Agreements		692	692		692
Contract Svc (Sp Ed Students)-Vendors	18,250		18,250	18,250	
Contract Svc (Sp Ed Students)-Joint Agrmnts	2,650	7,362	10,012	9,836	176
Contract Svc (Sp Ed Students)-ESCs & CTSAs		2,225	2,225	2,200	25
Contract Svc-Aid in Lieu Pymts-NonPubic School	1,164	442	1,606	1,606	
Contract Svc-Aid in Lieu Pymts-Choice School	7,200	(2,000)	5,200	4,862	338
Miscellaneous Purchased Services	1,000	(525)	475	200	275
General Supplies	6,400	(750)	5,650	4,031	1,619
Total	<u>91,677</u>	<u>25,638</u>	<u>117,315</u>	<u>113,549</u>	<u>3,766</u>
Unallocated Benefits:					
Social Security Contributions	27,301	3,450	30,751	30,745	6
Other Retirement Contributions-PERS	20,174	(2,000)	18,174	17,919	255
Unemployment Compensation	5,000	(5,000)			
Workmen's Compensation	11,734	3,100	14,834	14,750	84
Health Benefits	181,883	(15,603)	166,280	163,282	2,998
Tuition Reimbursement	2,000	(1,000)	1,000	1,000	
Other Employee Benefits	15,400	383	15,783	14,821	962
Total Unallocated Benefits	<u>263,492</u>	<u>(16,670)</u>	<u>246,822</u>	<u>242,517</u>	<u>4,305</u>
Food Services:					
Transfer to Cover Deficit-(Enterprise Fund)	8,000	(500)	7,500		7,500
Total	<u>8,000</u>	<u>(500)</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
On-Behalf TPAF Pension Contributions				39,782	(39,782)
On-Behalf TPAF Post Retirement Medical Benefits				63,155	(63,155)
Reimbursed TPAF Social Security Contribution				53,345	(53,345)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,282</u>	<u>(156,282)</u>
Total Undistributed Expenditures	<u>\$ 1,243,833</u>	<u>\$ 32,120</u>	<u>\$ 1,275,953</u>	<u>\$ 1,359,416</u>	<u>\$ (83,463)</u>
TOTAL CURRENT	<u>\$ 2,136,578</u>	<u>\$ 38,607</u>	<u>\$ 2,175,185</u>	<u>\$ 2,231,439</u>	<u>\$ (56,254)</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Construction Services	\$ 161,702	\$ (156,000)	\$ 5,702	\$ 5,702	
Assessment for Debt Service on SDA Funding	1,825		1,825	1,825	
TOTAL CAPITAL OUTLAY	<u>\$ 163,527</u>	<u>\$ (156,000)</u>	<u>\$ 7,527</u>	<u>\$ 7,527</u>	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ 2,300,105</u>	<u>\$ (117,393)</u>	<u>\$ 2,182,712</u>	<u>\$ 2,238,966</u>	<u>\$ (56,254)</u>

MILFORD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (165,630)	\$ 106,242	\$ (59,388)	\$ 105,509	\$ 164,897
Other Financing Sources (Uses):					
Operating Transfer Out-Capital Reserve		(156,000)	(156,000)	(156,000)	
Operating Transfer Out-Unemployment Comp		(5,000)	(5,000)	(5,000)	
Total Other Financing Sources (Uses)	-	(161,000)	(161,000)	(161,000)	-
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(165,630)	(54,758)	(220,388)	(55,491)	164,897
Fund Balances, July 1	346,772	(71,594)	275,178	454,383	-
Fund Balances, June 30	\$ 181,142	\$ (126,352)	\$ 54,790	\$ 398,892	\$ 164,897
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	\$ (9,105)		\$ (9,105)	\$ (9,105)	
Increase in Capital Reserve	17,900	\$ 50,000	67,900	67,900	
Withdrawal from Capital Reserve	(156,000)		(156,000)	(156,000)	
Increase in Maintenance Reserve		20,000	20,000	20,000	
Increase(Decrease) in Emergency Reserve		(40,934)	(40,934)	(40,934)	
Budgeted Fund Balance	(18,425)	(83,824)	(102,249)	62,648	\$ 164,897
TOTAL	\$ (165,630)	\$ (54,758)	\$ (220,388)	\$ (55,491)	\$ 164,897
RECAPITULATION OF FUND BALANCE					
Committed Fund Balance:					
Capital Reserve				\$ 60,878	
Maintenance Reserve				35,000	
Emergency Reserve				19,066	
					\$ 114,944
Assigned Fund Balance:					
Year-End Encumbrances				15,894	
Designated for Subsequent Year's Expenditures-Unexpended Emergency Reserve Funds				20,787	
					36,681
Unassigned Fund Balance					247,267
					398,892
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis					(29,844)
Fund Balance Per Governmental Funds (GAAP)					\$ 369,048

MILFORD BOROUGH SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(NOT APPLICABLE TO THIS REPORT)

MILFORD BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 5,000			\$ 4,991	\$ (9)
Federal Sources	50,745	\$ 2,257	\$ 53,002	53,002	
TOTAL REVENUES	<u>\$ 55,745</u>	<u>\$ 2,257</u>	<u>\$ 53,002</u>	<u>\$ 57,993</u>	<u>\$ (9)</u>
EXPENDITURES					
Instruction:					
Purchased Technical Services		\$ 489	\$ 489	\$ 489	
Supplies & Materials	\$ 22,959	93	23,052	23,043	\$ 9
Total	<u>22,959</u>	<u>582</u>	<u>23,541</u>	<u>23,532</u>	<u>9</u>
Support Services:					
Tuition	29,243		29,243	29,243	
Other Purchased Services	3,543	1,675	5,218	5,218	
Total	<u>32,786</u>	<u>1,675</u>	<u>34,461</u>	<u>34,461</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 55,745</u>	<u>\$ 2,257</u>	<u>\$ 58,002</u>	<u>\$ 57,993</u>	<u>\$ 9</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION-PART II

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

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

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 2,344,475	\$ 57,993
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		223
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	30,787	
State Aid Receivable Current Year	(29,844)	
Total Revenues (GAAP Basis)	\$ 2,345,418	\$ 58,216
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 2,238,966	\$ 57,993
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Prior Year		223
Total Expenditures (GAAP Basis)	\$ 2,238,966	\$ 58,216

REQUIRED SUPPLEMENTARY INFORMATION-PART III

MILFORD BOROUGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-TEACHER'S PENSION AND ANNUITY FUND
 LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.00%	0.00%							
District's Proportion of the Net Pension Liability (Asset)- Value	N/A	\$ -	\$ -	N/A						
State's Proportionate Share of the Net Pension Liability (Asset) Associated With The District		4,167,901	3,804,109							
Total	\$ -	\$ 4,167,901	\$ 3,804,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll		\$ 705,292	\$ 748,613							
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	N/A	0.00%	0.00%	N/A						
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		33.64%	33.76%							

N/A = Not Available

MILFORD BOROUGH SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS-TEACHER'S PENSION AND ANNUITY FUND
 LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 39,782	\$ 32,989	\$ 48,637	\$ 23,363	\$ 2,102	\$ 2,422	\$ 2,670	N/A	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	(39,782)	(32,989)	(48,637)	(23,363)	(2,102)	(2,422)	(2,670)			
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
District's Covered Employee Payroll	\$ 725,683	\$ 705,292	\$ 748,613	\$ 763,317	\$ 708,097	\$ 732,346	\$ 688,533	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	5.48%	4.68%	6.50%	3.06%	0.30%	0.33%	0.39%	N/A	N/A	N/A

N/A = Not Available

MILFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.0021266748%	0.0023283976%							
District's Proportion of the Net Pension Liability (Asset)- Value		\$ 398,172	\$ 445,003							
District's Covered Employee Payroll	N/A	184,167	147,067	N/A						
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		216.20%	302.59%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		52.08%	48.72%							

N/A = Not Available

MILFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 17,532	\$ 17,544	\$ 17,998	\$ 18,880	\$ 20,797	\$ 14,317	\$ 10,448	N/A	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	(17,532)	(17,544)	(17,998)	(18,880)	(20,797)	(14,317)	(10,448)			
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
District's Covered Employee Payroll	\$ 212,947	\$ 184,167	\$ 147,067	\$ 160,384	\$ 164,645	\$ 177,704	\$ 179,272	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	8.23%	9.53%	12.24%	11.77%	12.63%	8.06%	5.83%	N/A	N/A	N/A

N/A = Not Available

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION-PART III

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
(UNAUDITED)

JUNE 30, 2014 AND 2013

NOTE 1. SPECIAL FUNDING SITUATION-TPAF

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 allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension 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 allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

MILFORD BOROUGH SCHOOL DISTRICT
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Local Grants	NCLB Title IIA	IDEA Pre School	IDEA Basic	REAP	Total 2015
REVENUES						
Local Sources	\$ 4,991					\$ 4,991
Federal Sources		\$ 4,518	\$ 1,412	\$ 29,243	\$ 17,829	53,002
TOTAL REVENUES	\$ 4,991	\$ 4,518	\$ 1,412	\$ 29,243	\$ 17,829	\$ 57,993
EXPENDITURES						
Instruction:						
Purchased Technical Services					\$ 489	\$ 489
Supplies & Materials	\$ 4,291		\$ 1,412		17,340	23,043
Totals	4,291	\$ -	1,412	\$ -	17,829	23,532
Support Services:						
Tuition				29,243		29,243
Other Purchased Services	700	4,518				5,218
Totals	700	4,518	-	29,243	-	34,461
TOTAL EXPENDITURES	\$ 4,991	\$ 4,518	\$ 1,412	\$ 29,243	\$ 17,829	\$ 57,993

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

MILFORD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenues and Other Financing Sources:	
State Sources:	
NJSDA Grant	\$ 104,000
Local Sources:	
Transfer In from Capital Reserve	<u>156,000</u>
Total Revenues	<u>260,000</u>
Expenditures and Other Financing Uses:	
Architect Fees	<u>3,472</u>
Total Other Financing Sources (Uses)	<u>3,472</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	256,528
Fund Balance-Beginning	<u>-</u>
Fund Balance-Ending	<u>\$ 256,528</u>

MILFORD BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS-BUDGETARY BASIS-RENOVATE LOWER LEVEL TOILET ROOMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-NJSDA Grant		\$ 68,000	\$ 68,000	\$ 68,000
Local Sources:				
Transfer In from Capital Reserve		102,000	102,000	102,000
Total Revenues	\$ -	170,000	170,000	170,000
Expenditures and Other Financing Uses:				
Architect Fees		2,281	2,281	12,920
Bonding/Legal Fees				5,000
Construction				136,000
Contingency				16,080
Total Expenditures	-	2,281	2,281	170,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 167,719	\$ 167,719	\$ -

Additional Project Information:

Project Number	SDA3180-050-14-GISE
Grant Date	03/31/14
Grant Award	\$ 68,000
Local Share	\$ 102,000
Original Authorized Cost	\$ 170,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 170,000
Percentage Complete	1.34%

MILFORD BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS-BUDGETARY BASIS-RENOVATE MAIN LEVEL TOILET ROOMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-NJSDA Grant		\$ 36,000	\$ 36,000	\$ 36,000
Local Sources:				
Capital Reserve Funds		54,000	54,000	54,000
Total Revenues	\$ -	90,000	90,000	90,000
Expenditures and Other Financing Uses:				
Architect Fees		1,191	1,191	6,840
Construction				72,000
Contingency				11,160
Total Expenditures	-	1,191	1,191	90,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 88,809	\$ 88,809	\$ -

Additional Project Information:

Project Number	SDA3180-050-14-GISD
Grant Date	03/31/14
Grant Award	\$ 36,000
Local Share	\$ 54,000
Original Authorized Cost	\$ 90,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 75,000
Percentage Complete	1.32%

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's Board is that the costs of providing goods or services be financed through user charges.

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2015

ASSETS

Current Assets:

Cash & Cash Equivalents	\$ 7,882
Receivables from Other Governments:	
State	22
Federal	416
Due from Other Funds:	
General Fund	5,541
Inventory	370
Total Current Assets	<u>14,231</u>

Noncurrent Assets:

Capital Assets	22,915
Less: Accumulated Depreciation	<u>18,484</u>
Total Noncurrent Assets	<u>4,431</u>

Total Assets	<u>18,662</u>
--------------	---------------

LIABILITIES

Current Liabilities:

Unearned Revenues	<u>370</u>
Total Liabilities	<u>370</u>

NET POSITION

Net Investment in Capital Assets	4,431
Unrestricted	<u>13,861</u>
TOTAL NET POSITION	<u>\$ 18,292</u>

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES EXPENSES, AND
CHANGES IN FUND NET POSITION
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenues:		
Charges for Services:		
Daily Sales-Reimbursable Programs	\$	16,157
Daily Sales-Nonreimbursable Programs		3,549
Total Operating Revenues		<u>19,706</u>
Other Expenses:		
Costs of Sales-Reimbursable Programs		20,819
Costs of Sales-Nonreimbursable Programs		4,570
Salaries		3,690
Employee Benefits		570
Insurance		735
Management Fees		2,000
Other Purchased Services		383
Repairs and Maintenance		652
Depreciation		588
Total Operating Expenses		<u>34,007</u>
Operating Income (Loss)		<u>(14,301)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program		304
Federal Sources:		
National School Lunch Program:		
Cash Assistance		5,675
Non-cash Assistance (Commodities)		2,355
Total Nonoperating Revenues (Expenses)		<u>8,334</u>
Change in Net Position		(5,967)
Net Position, Beginning		<u>24,259</u>
Net Position, Ending	\$	<u><u>18,292</u></u>

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 19,706
Payments to Food Service Management Co	(9,557)
Payments to Vendors (Net)	(21,507)
Net Cash Provided by (Used For) Operating Activities	<u>(11,358)</u>
Cash Flows from Non-Capital Financing Activities:	
State Sources	5,721
Federal Sources	324
Interfund Activity:	
General Fund	(4,819)
Net Cash Provided by (Used For) Non-Capital Financing Activities	<u>1,226</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,132)
Cash and Cash Equivalents, Beginning	<u>18,014</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,882</u>
Reconciliation of Operating Income (Loss) to Net Cash Provide by (Used For)	
Operating Activities:	
Operating Income (Loss)	\$ (14,301)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by	
(Used For) Operating Activities:	
Depreciation	588
Federal Food Donation Program	2,050
(Increase) Decrease in Inventory	305
Net Cash Provided by (Used For) Operating Activities	<u>\$ (11,358)</u>

FIDUCIARY FUND
DETAIL STATEMENTS

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

MILFORD BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY FUND NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 39,603	\$ 5,942	\$ 19,085	\$ 64,630
Total Assets	<u>39,603</u>	<u>5,942</u>	<u>19,085</u>	<u>64,630</u>
LIABILITIES				
Due to Other Funds			1,600	1,600
Due to Student Groups		5,942		5,942
Payroll Deductions & Withholdings			<u>17,485</u>	<u>17,485</u>
Total Liabilities	<u>-</u>	<u>5,942</u>	<u>17,485</u>	<u>23,427</u>
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	<u>39,603</u>	<u>-</u>	<u>1,600</u>	<u>41,203</u>
TOTAL NET POSITION	<u>\$ 39,603</u>	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ 41,203</u>

MILFORD BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 2,103
Investment Earnings-Interest	14
Total Additions	<u>2,117</u>
DEDUCTIONS	
Unemployment Claims	<u>1,423</u>
	694
Other Financing Sources:	
Transfers in from General Fund	<u>5,000</u>
Change in Net Position	5,694
Net Position, Beginning of the Year	<u>33,909</u>
Net Position, End of the Year	<u><u>\$ 39,603</u></u>

MILFORD BOROUGH SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance 07/01/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/15</u>
ASSETS				
Cash and Cash Equivalents	<u>\$ 11,378</u>	<u>\$ 9,376</u>	<u>\$ 14,812</u>	<u>\$ 5,942</u>
TOTAL ASSETS	<u><u>\$ 11,378</u></u>	<u><u>\$ 9,376</u></u>	<u><u>\$ 14,812</u></u>	<u><u>\$ 5,942</u></u>
LIABILITIES				
Due to Students Groups	<u>\$ 11,378</u>	<u>\$ 9,376</u>	<u>\$ 14,812</u>	<u>\$ 5,942</u>
TOTAL LIABILITIES	<u><u>\$ 11,378</u></u>	<u><u>\$ 9,376</u></u>	<u><u>\$ 14,812</u></u>	<u><u>\$ 5,942</u></u>

MILFORD BOROUGH SCHOOL DISTRICT
 PAYROLL AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
ASSETS				
Cash and Cash Equivalents	\$ 18,801	\$ 1,242,402	\$ 1,242,118	\$ 19,085
TOTAL ASSETS	<u>\$ 18,801</u>	<u>\$ 1,242,402</u>	<u>\$ 1,242,118</u>	<u>\$ 19,085</u>
LIABILITIES				
Due to Other Funds	\$ 1,600			\$ 1,600
Payroll Deductions & Withholding	7,992	\$ 579,290	\$ 578,338	8,944
Net Payroll	9,209	663,112	663,780	8,541
TOTAL LIABILITIES	<u>\$ 18,801</u>	<u>\$ 1,242,402</u>	<u>\$ 1,242,118</u>	<u>\$ 19,085</u>

LONG-TERM DEBT SCHEDULES

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

MILFORD BOROUGH SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS & LOANS PAYABLE
 JUNE 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/14	Issued	Retired	Balance 06/30/15
			Date	Amount					
Series 2009	7/15/2009	\$ 480,000	7/15/2015	\$ 30,000	5.125%				
			7/15/2016	30,000					
			7/15/2017	30,000					
			7/15/2018	30,000					
			7/15/2019	35,000					
			7/15/2020	35,000					
			7/15/2021	35,000					
			7/15/2022	40,000					
			7/15/2023	40,000					
			7/15/2024	40,000					
					\$ 375,000		\$ 30,000	\$ 345,000	
					\$ 375,000	\$ -	\$ 30,000	\$ 345,000	

MILFORD BOROUGH SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 JUNE 30, 2015

Issue	Interest Rate	Amount of Original Issue	Balance 07/01/14	Issued Current Year	Retired Current Year	Balance 06/30/15
Acquisition of a School Bus	4.35%	\$ 50,000	\$ 10,869		\$ 10,869	\$ -
			<u>\$ 10,869</u>	<u>\$ -</u>	<u>\$ 10,869</u>	<u>\$ -</u>

MILFORD BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 48,281		\$ 48,281	\$ 48,281	
Total Revenues	48,281	\$ -	48,281	48,281	\$ -
EXPENDITURES					
Regular Debt Service:					
Interest	18,281		18,281	18,281	
Redemption of Principal	30,000		30,000	30,000	
Total Expenditures	48,281	-	48,281	48,281	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	2,187	2,187
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 2,187	\$ 2,187

STATISTICAL SECTION

MILFORD BOROUGH SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
FINANCIAL TRENDS	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-5
REVENUE CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-6 to J-9
DEBT CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-14 to J-15
OPERATING INFORMATION	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-16 to J-20

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year.

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	\$ 22,502	\$ 76,236	\$ 66,694	\$ 75,933	\$ 238,477	\$ 352,635	\$ 367,969	\$ 438,675	\$ 485,534	\$ 506,905
Restricted	223,167	90,624	112,917	94,297	16,100	13,815	215,520	83,722	226,165	373,659
Unrestricted	79,054	123,583	193,559	213,698	227,570	202,965	272,105	289,262	(295,982)	(242,968)
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 324,723	\$ 290,443	\$ 373,170	\$ 383,928	\$ 482,147	\$ 569,415	\$ 855,594	\$ 811,659	\$ 415,717	\$ 637,596
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 3,545	\$ 2,725	\$ 1,905	\$ 1,174	\$ 443	\$ 4,368	\$ 6,196	\$ 5,607	\$ 5,019	\$ 4,431
Unrestricted	15,392	20,725	22,966	15,693	10,686	6,326	11,087	22,617	19,240	13,861
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 18,937	\$ 23,450	\$ 24,871	\$ 16,867	\$ 11,129	\$ 10,694	\$ 17,283	\$ 28,224	\$ 24,259	\$ 18,292
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 26,047	\$ 78,961	\$ 68,599	\$ 77,107	\$ 238,920	\$ 357,003	\$ 374,165	\$ 444,282	\$ 490,553	\$ 511,336
Restricted	223,167	90,624	112,917	94,297	16,100	13,815	215,520	83,722	226,165	373,659
Unrestricted	94,446	144,308	216,525	229,391	238,256	209,291	283,192	311,879	(276,742)	(229,107)
TOTAL DISTRICT-WIDE	\$ 343,660	\$ 313,893	\$ 398,041	\$ 400,795	\$ 493,276	\$ 580,109	\$ 872,877	\$ 839,883	\$ 439,976	\$ 655,888

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 824,978	\$ 858,869	\$ 750,242	\$ 834,153	\$ 805,715	\$ 802,131	\$ 848,431	\$ 930,268	\$ 960,311	\$ 1,042,003
Special Education	344,401	270,582	227,044	243,347	280,703	258,421	288,379	288,298	319,513	306,097
Other Special Education		1,799	12,759	16,348	2,652					
Other Instruction	25,136	17,722	14,748	15,918	14,169	18,207	21,188	23,862	33,059	23,419
Support Services:										
Tuition	86,492	91,106	99,126	161,528	194,963	170,910	83,704	143,461	113,397	150,041
Student & Instruction Related Services	293,289	304,353	321,952	372,571	382,275	384,545	390,366	402,995	402,568	526,520
General & Business Administrative Services	232,514	81,646	115,503	157,071	124,219	141,342	168,193	155,154	128,779	119,885
School Administration	67,013	111,580	98,344	40,990	43,214	43,577	48,247	51,060	42,457	70,726
Plant Operations & Maintenance	59,198	186,805	187,794	225,067	149,970	162,360	219,709	209,420	227,639	176,776
Pupil Transportation	55,214	49,061	66,109	111,737	167,303	140,387	114,722	117,450	100,701	122,971
Interest on Long-Term Debt	27	24	20	17	37,493	15,826	25,177	22,006	21,531	19,870
Unallocated Depreciation & Amortization	588	246,824	211,398							
Total Governmental Activities Expenses	<u>1,988,850</u>	<u>2,220,371</u>	<u>2,105,039</u>	<u>2,178,747</u>	<u>2,202,676</u>	<u>2,137,706</u>	<u>2,208,116</u>	<u>2,343,974</u>	<u>2,349,955</u>	<u>2,558,308</u>
Business-Type Activities:										
Food Services	43,795	37,390	39,420	42,999	35,437	34,277	42,667	43,705	45,630	34,007
Total Business-Type Activities	<u>43,795</u>	<u>37,390</u>	<u>39,420</u>	<u>42,999</u>	<u>35,437</u>	<u>34,277</u>	<u>42,667</u>	<u>43,705</u>	<u>45,630</u>	<u>34,007</u>
TOTAL DISTRICT EXPENSES	<u>\$ 2,032,645</u>	<u>\$ 2,257,761</u>	<u>\$ 2,144,459</u>	<u>\$ 2,221,746</u>	<u>\$ 2,238,113</u>	<u>\$ 2,171,983</u>	<u>\$ 2,250,783</u>	<u>\$ 2,387,679</u>	<u>\$ 2,395,585</u>	<u>\$ 2,592,315</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services		\$ 12,455	\$ 16,604	\$ 59,931	\$ 35,265	\$ 60,596	\$ 49,808	\$ 51,035	\$ 51,227	\$ 67,848
Operating Grants & Contributions	\$ 169,719	85,387	60,843	54,856	57,692	73,753	49,248	61,709	69,489	58,216
Total Governmental Activities Program Revenues	169,719	97,842	77,447	114,787	92,957	134,349	99,056	112,744	120,716	126,064
Business-Type Activities:										
Charges for Services:										
Food Service	25,007	23,373	25,112	24,385	19,703	21,284	23,124	20,351	20,443	19,706
Operating Grants & Contributions	5,376	4,957	3,878	6,706	6,980	7,975	7,722	15,417	15,436	8,334
Total Business-Type Activities Program Revenues	30,383	28,330	28,990	31,091	26,683	29,259	30,846	35,768	35,879	28,040
TOTAL DISTRICT-PROGRAM REVENUES	\$ 200,102	\$ 126,172	\$ 106,437	\$ 145,878	\$ 119,640	\$ 163,608	\$ 129,902	\$ 148,512	\$ 156,595	\$ 154,104
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (1,819,131)	\$ (2,122,529)	\$ (2,027,592)	\$ (2,063,960)	\$ (2,109,719)	\$ (2,003,357)	\$ (2,109,060)	\$ (2,231,230)	\$ (2,229,239)	\$ (2,432,244)
Business-Type Activities	(13,412)	(9,060)	(10,430)	(11,908)	(8,754)	(5,018)	(11,821)	(7,937)	(9,751)	(5,967)
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (1,832,543)	\$ (2,131,589)	\$ (2,038,022)	\$ (2,075,868)	\$ (2,118,473)	\$ (2,008,375)	\$ (2,120,881)	\$ (2,239,167)	\$ (2,238,990)	\$ (2,438,211)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,393,516	\$ 1,488,610	\$ 1,561,780	\$ 1,594,534	\$ 1,650,851	\$ 1,693,885	\$ 1,690,000	\$ 1,722,955	\$ 1,753,938	\$ 1,783,737
Property Taxes Levied for Debt Service	186	182	180	178	10,976	47,761	46,759	45,748	49,653	48,281
Unrestricted Grants & Contributions	379,818	538,857	511,988	425,095	434,125	342,642	415,287	448,413	458,581	708,734
Capital Grants-Unallocated				33,600	96,000		228,240			104,000
Investment Earnings	910			5,120	2,486	462	237	122	203	315
Miscellaneous Income	637	11,882	46,668	20,083	16,500	10,455	12,412	9,645	11,723	9,056
Grant Funds Deobligated..									(7,320)	
Prior Year Adjustment-Capital Projects Interest Income									(237)	
Operating Transfer	(23,119)	(13,558)	(10,295)	(3,891)	(3,000)	(4,580)	(18,407)	(18,877)	(5,785)	
Total Governmental Activities	1,751,948	2,025,973	2,110,321	2,074,719	2,207,938	2,090,625	2,374,528	2,208,006	2,260,756	2,654,123

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Investment Earnings	\$ 5	\$ 14	\$ 26	\$ 13	\$ 16	\$ 3	\$ 3	\$ 1	\$ 1	
Transfers	23,119	13,558	10,295	3,891	3,000	4,580	18,407	18,877	5,785	
Total Business-Type Activities	<u>23,124</u>	<u>13,572</u>	<u>10,321</u>	<u>3,904</u>	<u>3,016</u>	<u>4,583</u>	<u>18,410</u>	<u>18,878</u>	<u>5,786</u>	\$ -
TOTAL DISTRICT-WIDE	<u>\$ 1,775,072</u>	<u>\$ 2,039,545</u>	<u>\$ 2,120,642</u>	<u>\$ 2,078,623</u>	<u>\$ 2,210,954</u>	<u>\$ 2,095,208</u>	<u>\$ 2,392,938</u>	<u>\$ 2,226,884</u>	<u>\$ 2,266,542</u>	<u>\$ 2,654,123</u>
CHANGE IN NET ASSETS										
Governmental Activities	\$ (67,183)	\$ (96,556)	\$ 82,729	\$ 10,759	\$ 98,219	\$ 87,268	\$ 265,468	\$ (23,224)	\$ 31,517	\$ 221,879
Business-Type Activities	9,712	4,512	(109)	(8,004)	(5,738)	(435)	6,589	10,941	(3,965)	(5,967)
TOTAL DISTRICT	<u>\$ (57,471)</u>	<u>\$ (92,044)</u>	<u>\$ 82,620</u>	<u>\$ 2,755</u>	<u>\$ 92,481</u>	<u>\$ 86,833</u>	<u>\$ 272,057</u>	<u>\$ (12,283)</u>	<u>\$ 27,552</u>	<u>\$ 215,912</u>

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

	Fiscal Year Ending June 30.									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Restricted							\$ 3,473	\$ 3,473		
Committed			\$ 1	\$ 1	\$ 1	\$ 45,000	45,000	120,000	\$ 223,978	\$ 114,944
Assigned			112,920	81,016	205,396	158,252	162,026	126,095	27,530	36,681
Unassigned			221,660	241,760	149,856	209,530	259,459	200,374	172,088	217,423
Unallocated	\$ 337,232	\$ 247,233								
Total General Fund	\$ 337,232	\$ 247,233	\$ 334,581	\$ 322,777	\$ 355,253	\$ 412,782	\$ 469,958	\$ 449,942	\$ 423,596	\$ 369,048
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund				\$ 13,283	\$ (90,175)	\$ (190,318)	\$ 28,222	\$ (37,162)		\$ 256,528
Special Revenue Fund	\$ (76)	\$ (76)	\$ (76)							
Assigned, Reported In:										
Capital Projects Fund				8	878	881	883	884		
Debt Service Fund	(1)	(1)	(3)	(3)					\$ 2,187	2,187
Total All Other Governmental Funds	\$ (77)	\$ (77)	\$ (79)	\$ 13,288	\$ (89,297)	\$ (189,437)	\$ 29,105	\$ (36,278)	\$ 2,187	\$ 258,715

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 1,393,702	\$ 1,488,792	\$ 1,561,960	\$ 1,594,712	\$ 1,661,827	\$ 1,741,646	\$ 1,736,759	\$ 1,768,703	\$ 1,803,591	\$ 1,832,018
Tuition Charges	910			49,350	35,265	56,253	46,864	49,126	46,359	64,412
Interest Earnings	637			5,120	2,486	462	237	122	203	315
Transportation Fees		12,455	16,604							
Miscellaneous				31,485	16,500	14,798	15,356	11,554	16,591	17,484
Miscellaneous-Prior Years	486,730	11,830	48,297							
State Sources	62,507	544,058	512,304	426,451	407,259	342,642	404,751	448,413	458,581	484,462
State Sources-Capital Grants				33,600	96,000		228,240		(7,320)	104,000
Federal Sources	300	80,237	58,897	52,679	84,558	73,753	59,784	61,709	69,489	53,224
Total Revenues	1,944,786	2,137,372	2,198,062	2,193,397	2,303,895	2,229,554	2,491,991	2,339,627	2,387,494	2,555,915
Expenditures:										
Instruction:										
Regular Instruction	633,013	732,088	656,237	666,987	647,950	614,998	654,650	682,742	687,590	656,977
Special Education Instruction	258,569	219,363	191,096	193,299	212,904	190,987	199,600	207,740	217,792	215,532
Other Special Instruction		271	9,244	12,687	1,449		6,252	6,220	9,561	206
Other Instruction	22,022	15,510	12,985	15,834	14,105	16,372	20,828	22,324	31,298	23,048
Support Services:										
Tuition	86,492	91,106	99,126	161,528	194,963	170,910	83,704	143,461	113,397	150,041
Student & Instruction Related Services	243,748	277,366	304,215	333,702	340,134	341,826	337,103	354,815	356,914	414,923
General Administration	58,597	22,861	54,558	91,088	67,479	82,354	80,970	81,807	77,558	64,550
School Administration Services	52,401	95,157	83,537	33,305	34,254	34,583	38,522	37,218	36,829	45,153
Central Services / Business Services	51,799	56,887	59,500	63,731	53,975	55,434	59,642	63,272	48,646	49,928
Plant Operations & Maintenance	169,504	175,816	169,825	200,105	125,179	128,092	182,940	176,026	210,610	156,949
Pupil Transportation	53,142	46,183	63,586	102,408	156,097	138,920	108,183	104,871	89,678	113,549
Employee Benefits		480,970	396,281	184,808	197,705	223,128	233,843	248,800	257,334	242,517
On-Behalf TPAF Pension & Soc Sec Contributions				107,917	103,754	100,630	127,812	159,552	139,438	156,282
Other Support Services	354,592									
Capital Outlay	2,468				50,000				36,190	7,527
Capital Projects				20,317	679,458	100,143	9,700	65,384		3,472
Debt Service:										
Principal	210	210	210	211	210	25,210	25,210	25,210	30,212	30,000
Interest & Other Charges	27	24	21	17	12,388	23,998	22,407	21,707	21,306	18,281
Total Expenditures	1,986,584	2,213,812	2,100,421	2,187,944	2,892,004	2,247,585	2,191,366	2,401,149	2,364,353	2,348,935
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,798)	(76,440)	97,641	5,453	(588,109)	(18,031)	300,625	(61,522)	23,141	206,980
Other Financing Sources (Uses):										
Proceeds from Bond Issue					480,000					
Capital Leases (Unbudgeted)					50,000					
Prior Year Adjustment-Capital Project Interest Income									(237)	
Transfers Out	(23,119)	(13,558)	(10,295)	(3,891)	(12,000)	(24,580)	(24,907)	(23,877)	(10,785)	(5,000)
Total Other Financing Sources (Uses)	(23,119)	(13,558)	(10,295)	(3,891)	518,000	(24,580)	(24,907)	(23,877)	(11,022)	(5,000)
Net Change in Fund Balances	\$ (64,917)	\$ (89,998)	\$ 87,346	\$ 1,562	\$ (70,109)	\$ (42,611)	\$ 275,718	\$ (85,399)	\$ 12,119	\$ 201,980
Debt Service as a Percentage of Non- capital Expenditures	0.01%	0.01%	0.01%	0.01%	0.59%	2.35%	2.23%	2.05%	2.26%	2.11%

Source: District Records

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

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

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Interest Income		\$ 7,939	\$ 7,346	\$ 5,112	\$ 1,616	\$ 459	\$ 235	\$ 121	\$ 203	\$ 315
Tuition				49,350	35,265	56,253	46,864	49,126	46,359	64,412
Milford-Custodial Services				4,020	4,089	4,308	2,944	1,684	3,368	3,436
Refunds			256	2,450		3,493				
Before & After Care				6,561	8,330	6,279	7,194	9,401	7,308	
Contributions				285	4,138	478	1,219			
Miscellaneous Other	\$ 637	3,891	40,695	93	149	240	742	244	465	464
Transportation Services				891					1,500	
Building Use Fees								225		
Insurance Settlement				18,400			3,257			4,960
Sale of Assets									2,500	
Prior Year Refunds									1,450	1,602
E-Rate Refunds										2,030
Prior Year Adjustment				(2,036)	(206)					
Annual Totals	<u>\$ 637</u>	<u>\$ 11,830</u>	<u>\$ 48,297</u>	<u>\$ 85,126</u>	<u>\$ 53,381</u>	<u>\$ 71,510</u>	<u>\$ 62,455</u>	<u>\$ 60,801</u>	<u>\$ 63,153</u>	<u>\$ 77,219</u>

Source: District Records

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vacant Land	\$ 1,997,300	\$ 2,034,300	\$ 1,505,600	\$ 2,212,100	\$ 2,643,000	\$ 2,647,800	\$ 2,634,300	\$ 2,580,300	\$ 2,265,200	\$ 2,265,200
Residential	93,383,800	94,823,600	95,519,000	96,064,900	95,595,200	95,320,400	95,332,200	94,829,000	94,913,600	94,625,300
Farm Regular	1,408,500	1,408,500	1,408,500	1,413,900	1,413,900	1,408,800	1,408,800	1,408,800	1,418,800	1,418,800
Farm Qualified	31,800	31,800	40,000	15,900	21,100	21,100	21,100	21,100	21,900	21,900
Commercial	12,439,670	12,465,970	12,455,970	12,455,970	12,455,970	12,444,170	12,759,270	12,759,270	12,759,270	12,447,070
Industrial	8,318,800	8,318,800	8,155,400	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000	1,992,000
Apartment	3,238,200	3,238,200	3,238,200	3,238,200	3,238,200	3,238,200	3,238,200	3,238,200	3,238,200	2,900,000
Total Assessed Value	120,818,070	122,321,170	122,322,670	117,392,970	117,359,370	117,072,470	117,385,870	116,828,670	116,608,970	115,670,270
Public Utilities (a)	252,285	231,535	236,757	265,500	260,294	229,368	241,622	222,189	182,366	188,786
Net Valuation Taxable	\$ 121,070,355	\$ 122,552,705	\$ 122,559,427	\$ 117,658,470	\$ 117,619,664	\$ 117,301,838	\$ 117,627,492	\$ 117,050,859	\$ 116,791,336	\$ 115,859,056
Estimated Actual County Equalized Value	\$ 144,328,527	\$ 164,084,365	\$ 150,832,151	\$ 145,327,603	\$ 152,971,341	\$ 145,752,781	\$ 128,892,715	\$ 117,673,350	\$ 114,247,660	\$ 109,034,434
Percentage of Net Valuations to Estimated Actual County Equalized Value	83.89%	74.69%	81.26%	80.96%	76.89%	80.48%	91.26%	99.47%	102.23%	106.26%
Total Direct School Tax Rate (b)	\$ 1.23	\$ 1.27	\$ 1.30	\$ 1.41	\$ 1.48	\$ 1.48	\$ 1.50	\$ 1.54	\$ 1.53	\$ 1.65

Source: Municipal Tax Assessor

NOTE

- Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
- Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment
- (a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies
- (b) Tax rates are per \$100
- * Revalued/Reassessed

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

Assessment Year	School District Direct Rate			Regional School Tax Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	Fire District	
2006	\$ 1.23		\$ 1.23	\$ 0.46	\$ 0.51	\$ 0.42	\$ 2.62	
2007	1.27		1.27	0.57	0.60	0.43	2.87	
2008	1.30		1.30	0.59	0.64	0.40	2.93	
2009	1.41		1.41	0.59	0.68	0.42	3.10	
2010	1.44	\$ 0.04	1.48	0.68	0.68	0.44	3.28	
2011	1.44	0.04	1.48	0.66	0.68	0.42	3.24	
2012	1.47	0.04	1.51	0.51	0.69	0.37	3.08	
2013	1.50	0.04	1.54	0.53	0.70	0.35	3.12	
2014	1.53		1.53	0.61	0.71	0.35	3.20	
2015	1.57	0.08	1.65	0.61	0.71	0.34	3.31	

Sources: Municipal Tax Collector

NOTE: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

(b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

MILFORD BOROUGH SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Pine Crest Village Associates c/o Branch	\$ 2,900,000	1	2.50%	\$ 3,238,200	2	2.67%
60 Bridge Street LLC	1,507,600	2	1.30%			
International Paper Company	1,336,600	3	1.15%			
Hunterdon Medical Center	1,131,000	4	0.98%	1,131,000	3	0.93%
Peter Trustee Kerl	573,700	5	0.50%	573,700	5	0.47%
Individual Property Owner #1	539,100	6	0.47%	466,800	8	0.39%
Stem Brothers	523,700	7	0.45%	523,700	6	0.43%
Individual Property Owner #2	504,800	8	0.44%			
Ingahdwe Trust	485,400	9	0.42%			
Little Kids NJ Partnership	462,500	10	0.40%	462,500	9	0.38%
Royal Blue Papers Incorporated				7,500,000	1	6.19%
TD Banknorth				702,100	4	0.58%
The Baker Acquisition Corp.				490,400	7	0.41%
DCEM Properties LLC				461,700	10	0.38%
	<u>\$ 9,964,400</u>		<u>8.60%</u>	<u>\$ 15,550,100</u>		<u>12.84%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2006	\$ 3,265,217	\$ 2,990,318	91.58%
2007	3,544,050	3,266,638	92.17%
2008	3,623,741	3,316,138	91.51%
2009	3,646,061	3,558,758	97.61%
2010	3,855,890	3,734,128	96.84%
2011	3,815,422	3,689,189	96.69%
2012	3,621,640	3,480,713	96.11%
2013	3,652,339	3,499,883	95.83%
2014	3,734,313	3,550,937	95.09%

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

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

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

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	NJEDA Loan	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006		\$ 1,683				\$ 1,683	0.00%	\$ 1
2007		1,472				1,472	0.00%	1
2008		1,262				1,262	0.00%	1
2009		1,052				1,052	0.00%	1
2010	\$ 480,000	842	\$ 50,000			530,842	0.68%	445
2011	455,000	632	40,833			496,465	0.61%	403
2012	430,000	422	31,267			461,689	0.54%	377
2013	405,000	212	21,285			426,497	0.47%	350
2014	375,000		10,869			385,869	0.42%	318
2015	345,000					345,000	N/A	285

NOTE

Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding

MILFORD BOROUGH SCHOOL DISTRICT
 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds/Loans	Deductions			
2006	\$ 1,683		\$ 1,683	0.0014%	\$ 1
2007	1,472		1,472	0.0012%	1
2008	1,262		1,262	0.0010%	1
2009	1,052		1,052	0.0009%	1
2010	480,842		480,842	0.4088%	390
2011	455,632		455,632	0.3884%	372
2012	430,422		430,422	0.3659%	354
2013	405,212		405,212	0.3462%	334
2014	375,000		375,000	0.3211%	310
2015	345,000		345,000	0.2978%	285

NOTE Details regarding the district's outstanding debt can be found in the notes to the financial statements.

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

MILFORD BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 1,148,947	100.00%	\$ 1,148,947
Regional High School	2,580,000	5.00%	125,402
County General Obligation Debt	70,347,424	0.54%	<u>383,183</u>
Subtotal, Overlapping Debt			1,657,532
School District Direct Debt			<u>335,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 1,992,532</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.

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

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis
	2014 \$ 109,728,964
	2013 114,280,221
	2012 <u>118,011,330</u>
	<u>\$ 342,020,515</u>
	Average Equalized Valuation of Taxable Property <u>\$ 114,006,838</u>
	Debt Limit (3.0% of Average Equalization Value) \$ 3,420,205
	Total Net Debt Applicable to Limit <u>345,000</u>
	Legal Debt Margin <u>\$ 3,075,205</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 3,527,897	\$ 3,969,674	\$ 4,445,654	\$ 4,746,923	\$ 4,757,207	\$ 4,571,348	\$ 4,267,853	\$ 3,921,201	\$ 3,605,761	\$ 3,420,205
Total Net Debt Applicable	<u>1,683</u>	<u>1,472</u>	<u>1,262</u>	<u>767,452</u>	<u>671,242</u>	<u>646,032</u>	<u>620,822</u>	<u>595,612</u>	<u>375,000</u>	<u>345,000</u>
Legal Debt Margin	<u>\$ 3,526,214</u>	<u>\$ 3,968,202</u>	<u>\$ 4,444,392</u>	<u>\$ 3,979,471</u>	<u>\$ 4,085,965</u>	<u>\$ 3,925,316</u>	<u>\$ 3,647,031</u>	<u>\$ 3,325,589</u>	<u>\$ 3,230,761</u>	<u>\$ 3,075,205</u>
Total Net Debt Applicable to the Limit as a Percent- age of Debt Limit	0.05%	0.04%	0.03%	16.17%	14.11%	14.13%	14.55%	15.19%	10.40%	10.09%

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

(a)

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

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2006	1,205	\$ 78,327,410	\$ 64,923	6.2%
2007	1,200	81,949,200	68,291	5.4%
2008	1,194	82,083,918	68,747	7.1%
2009	1,192	78,313,208	65,699	12.2%
2010	1,233	80,997,003	65,691	12.7%
2011	1,225	85,403,325	69,717	12.5%
2012	1,217	90,707,878	74,534	12.9%
2013	1,214	91,684,922	75,523	5.9%
2014	1,211	N/A	N/A	5.1%
2015	N/A	N/A	N/A	N/A

Sources:

- (a) Population Information Provided by the NJ Dept of Labor and Workforce Development
- (b) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- (c) Per Capita Personal Income by County Estimated Based Upon the 2010 Census Published by the US Bureau of Economic Analysis.
- (d) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

MILFORD BOROUGH SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

MILFORD BOROUGH SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

FUNCTION / PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction	17.7	17.7	14.2	14.6	15.6	14.6	14.8	14.60	16.26	16.65
Support Services:										
Related Services	3.1	3.1	3.2	3.2	3.2	3.2	3.2	2.90	2.89	2.00
General Administration	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.40	0.40	0.49
School Administration	1.0	0.6	0.7	0.7	0.7	0.7	0.7	0.42	0.41	0.51
Business Office	1.0	1.0	0.6	0.6	0.6	0.6	0.6	0.47	0.36	0.46
Building Maintenance	0.8	0.8	1.8	1.8	1.8	1.8	1.8	1.26	1.26	1.26
Transportation	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.76	0.62	0.62
Cafeteria	0.5	0.5	0.6							
Total	24.8	24.5	21.8	21.6	22.6	21.6	21.8	20.81	22.20	21.99

MILFORD BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	117	\$ 1,983,878	\$ 16,956	8.09%	29.0	1 to 6.50	117.3	112.8	2.80%	96.16%
2007	120	2,213,579	18,446	8.79%	20.0	1 to 5.80	113.5	109.2	-3.24%	96.21%
2008	116	2,100,190	18,105	-1.85%	14.0	1 to 8.29	114.9	110.1	1.23%	95.82%
2009	102	2,167,399	21,249	17.36%	19.0	1 to 7.93	103.3	99.4	-10.10%	96.22%
2010	114	2,149,948	18,859	-11.25%	23.0	1 to 5.70	106.1	101.4	2.71%	95.57%
2011	116	2,098,234	18,088	-4.09%	23.0	1 to 5.04	117.1	112.0	10.37%	95.64%
2012	122	2,134,049	17,492	-3.30%	23.2	1 to 5.26	122.0	117.2	4.18%	96.07%
2013	114	2,288,848	20,078	14.78%	14.6	1 to 7.80	114.0	109.1	-6.56%	95.70%
2014	107	2,276,645	21,277	5.97%	13.2	1 to 8.11	107.0	105.5	-6.14%	98.60%
2015	95	2,289,655	24,102	13.28%	13.6	1 to 6.98	94.7	92.4	-11.50%	97.53%

Source: District Records

(a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

(b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

(c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

MILFORD BOROUGH SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<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	120.0	118.0	116.0	102.0	114.0	116.0	122.0	114.0	107.0	95.0

Number of Schools at June 30, 2015:

Elementary	1
Middle School	0
High School	0
Other	0

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	Amount	Total
2006	\$ 31,739	\$ 31,739
2007	20,493	20,493
2008	25,611	25,611
2009	55,876	55,876
2010	28,183	28,183
2011	25,392	25,392
2012	49,842	49,842
2013	64,552	64,552
2014	70,996	70,996
2015	24,377	24,377
 Total School Facilities	 \$ 397,061	 \$ 397,061

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

Source: District Records

MILFORD BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(UNAUDITED)

	<u>Coverage</u>
School Package Policy-School Alliance Insurance Fund:	
Property-Blanket Building & Contents	\$ 4,298,728
Comprehensive General Liability	5,000,000
Excess Liability	10,000,000
Blanket Dishonesty Bond	500,000
Boiler & Machinery-School Alliance Insurance Fund:	
Property Damage	4,298,728
School Board Legal Liability-School Alliance Insurance Fund:	
Directors and Officers Policy	10,000,000
Worker's Compensation-NJ Schools Insurance Group:	
Per Accident, Disease and Disease Limit	2,000,000
Student Accident-Berkley Insurance	1,000,000
Public Employees' Faithful Performance-Selective Insurance Co	
Treasurer of School Monies Bond	130,000
School Board Secretary Bond	130,000

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

November 20, 2015

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Milford Borough School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

November 20, 2015

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Milford Borough School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2015. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 15-08. Those standards, OMB Circular A-133 and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

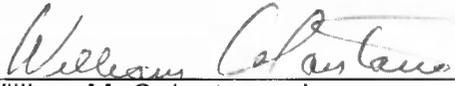
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 15-08**

We have audited the financial statements of the District as of and for the year ended June 30, 2015, and have issued our report thereon dated November 20, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



William M. Colantano, Jr.
Public School Accountant

MILFORD BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2014 (Acct Rec) Unearned Rev	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2015			
									Accounts Receivable	Unearned Revenue	Due to Grantor	
US Department of Education Passed Through State Department of Education:												
Special Revenue Fund:												
NCLB Title IIA	84.367A	NCLB 318014	\$ 2,723	7/01/2013-6/30/2014		\$ 1,675	\$ 1,675					
NCLB Title IIA	84.367A	NCLB 318015	2,843	7/01/2014-6/30/2015		2,843	2,843					
Small, Rural School Achievement Program	84.358A	S358A 133056	18,167	7/01/2013-9/30/2014		582	582					
Small, Rural School Achievement Program	84.358A	S358A 143056	17,247	7/01/2014-9/30/2015		14,027	17,247		\$ (3,220)			
IDEA Basic	84.027	IDEA 318015	29,243	7/01/2014-6/30/2015		29,243	29,243					
IDEA Pre School	84.173	IDEA 318014	1,410	7/01/2013-6/30/2014	\$ (776)	776						
IDEA Pre School	84.173	IDEA 318015	1,412	7/01/2014-6/30/2015		915	1,412		(497)			
IDEA Pre School	84.173	IDEA 318013	1,467	9/01/2012-8/31/2013	(21)	21						
Total Special Revenue Fund					(797)	50,082	53,002	\$ -	(3,717)	\$ -	\$ -	
US Department of Agriculture Passed Through State Department of Education:												
Enterprise Fund:												
National School Lunch Program-Food Distribution Program	10.555	N/A	2,050	7/01/2014-6/30/2015		2,050	1,680				370	
National School Lunch Program-Food Distribution Program	10.555	N/A	7,967	7/01/2013-6/30/2014	675		675					
National School Lunch Program-Cash Assistance	10.555	N/A	5,675	7/01/2014-6/30/2015		5,259	5,675		(416)			
National School Lunch Program-Cash Assistance	10.555	N/A	6,759	7/01/2013-6/30/2014	(462)	462						
Total Enterprise Fund					213	7,771	8,030	-	(416)	370	-	
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (584)	\$ 57,853	\$ 61,032	\$ -	\$ (4,133)	\$ 370	\$ -	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

MILFORD BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2015			Memo	
				6/30/2014 (Acct Rec) Unearned Rev				Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education												
General Fund												
Equalization Aid	15-495-034	\$ 202,744	7/01/2014-									
	-5120-078		6/30/2015		\$ 182,598	\$ 202,744		\$ (20,146)			\$ (20,146)	\$ 202,744
Equalization Aid	14-495-034	202,744	7/01/2013-									
	-5120-078		6/30/2014	\$ (20,156)	20,156							
Special Education Aid	15-495-034	58,167	7/01/2014-									
	-5120-089		6/30/2015		52,387	58,167		(5,780)			(5,780)	58,167
Special Education Aid	14-495-034	58,167	7/01/2013-									
	-5120-089		6/30/2014	(5,782)	5,782							
Transportation Aid	15-495-034	2,238	7/01/2014-									
	-5120-014		6/30/2015		2,016	2,238		(222)			(222)	2,238
Transportation Aid	14-495-034	2,238	7/01/2013-									
	-5120-014		6/30/2014	(222)	222							
Security Aid	15-495-034	1,915	7/01/2014-									
	-5120-084		6/30/2015		1,725	1,915		(190)			(190)	1,915
Security Aid	14-495-034	1,915	7/01/2013-									
	-5120-084		6/30/2014	(191)	191							
School Choice Aid	15-495-034	33,453	7/01/2014-									
	-5120-068		6/30/2015		30,129	33,453		(3,324)			(3,324)	33,453
School Choice Aid	14-495-034	44,604	7/01/2013-									
	-5120-068		6/30/2014	(4,436)	4,436							
Extraordinary Special Education Costs Aid	14-100-034	13,317	7/01/2013-									
	-5120-473		6/30/2014	(13,179)	13,317	138						138
Extraordinary Special Education Costs Aid	15-100-034	26,588	7/01/2014-									
	-5120-473		6/30/2015		-	26,588		(26,588)			(26,588)	26,588
Non Public Transportation Aid	14-495-034	645	7/01/2013-									
	-5120-014		6/30/2014	(645)	645							
Non Public Transportation Aid	15-495-034	174	7/01/2014-									
	-5120-014		6/30/2015			174		(174)			(174)	174
Per Pupil Growth Aid	15-495-034	910	7/01/2014-									
	-5120-097		6/30/2015		819	910		(91)			(91)	910
PARCC Readiness Aid	15-495-034	910	7/01/2014-									
	-5120-098		6/30/2015		819	910		(91)			(91)	910
Reimbursement TPAF Social Security Contribution	15-495-034	53,345	7/01/2014-									
	-5094-003		6/30/2015		50,470	53,345		(2,875)			(2,875)	53,345
Reimbursement TPAF Social Security Contribution	14-495-034	52,359	7/01/2013-									
	-5095-002		6/30/2014	(2,389)	2,389							
On-Behalf TPAF Pension Contribution-Normal Cost and Accrued Liability	15-495-034	37,112	7/01/2014-									
	-5094-006		6/30/2015		37,112	37,112						37,112
On-Behalf TPAF Pension Contribution-Non-Contributory Insurance	15-495-034	2,670	7/01/2014-									
	-5094-007		6/30/2015		2,670	2,670						2,670
On-Behalf TPAF Pension Contribution-Post Retirement Medical	15-495-034	63,155	7/01/2014-									
	-5094-001		6/30/2015		63,155	63,155						63,155
Total General Fund				(47,000)	471,038	483,519	\$ -	(59,481)	\$ -	\$ -	(59,481)	483,519
Capital Projects Fund:												
NJ Schools Development Authority												
Renovate Lower Level Toilet Rooms	SDA3180-050-14-GISE	68,000	3/31/2014					(68,000)	68,000			
Gymnasium Flooring Replacement	SDA3180-050-14-GISD	36,000	3/31/2014					(36,000)	36,000			
Total Capital Projects Fund				-	-	-	-	(36,000)	36,000	-	-	-
State Department of Agriculture Enterprise Fund:												
State School Lunch Program	15-100-010	304	7/01/2014-									
	-3350-023		6/30/2015		282	304		(22)				304
State School Lunch Program	14-100-010	329	7/01/2013-									
	-3350-023		6/30/2014	(43)	43							
Total Enterprise Fund				(43)	325	304	-	(22)	-	-	-	304
TOTAL STATE FINANCIAL ASSISTANCE				\$ (47,043)	\$ 471,363	\$ 483,823	\$ -	\$ (95,503)	\$ 36,000	\$ -	\$ (59,481)	\$ 483,823

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Milford Borough School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$943 for the general fund and \$222 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 484,462	\$ 484,462
Special Revenue Fund	\$ 53,224		53,224
Food Service Fund	8,030	304	8,334
	<u>\$ 61,254</u>	<u>\$ 484,766</u>	<u>\$ 546,020</u>

MILFORD BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2015
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. 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, 2015.

MILFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

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

2. Reportable conditions identified that are not considered to be material weaknesses? Yes X No

Noncompliance Material to General Purpose Financial Statements Noted? Yes X No

Federal Awards

NOT APPLICABLE

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes No

2. Reportable conditions identified that are not considered to be material weaknesses? Yes No

Type of Auditor's Report Issued on Compliance for Major Programs? _____

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133 Yes No

Identification of Major Programs:

CFDA Numbers Amount Name of Federal Program

NOT APPLICABLE

MILFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE
Dollar Threshold used to Distinguish Between
Type A and Type B Programs: _____
Auditee qualified as a low-risk auditee _____ Yes _____ No

State Awards NOT APPLICABLE
Dollar Threshold used to Distinguish Between
Type A and Type B Programs: _____
Auditee Qualified as low-risk auditee _____ Yes _____ No

Type of Auditor's Report Issued on Compliance
for Major Programs: _____
Internal Control Over Major Programs:
1. Material weakness(es) identified? _____ Yes _____ No
2. Reportable conditions identified
that are not considered to be material
weaknesses? _____ Yes _____ No

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 15-08? _____ Yes _____ No

Identification of Major Programs:
GMIS Numbers Amount Name of State Program

NOT APPLICABLE

MILFORD BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2015.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2015.

MILFORD BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

K-7

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.