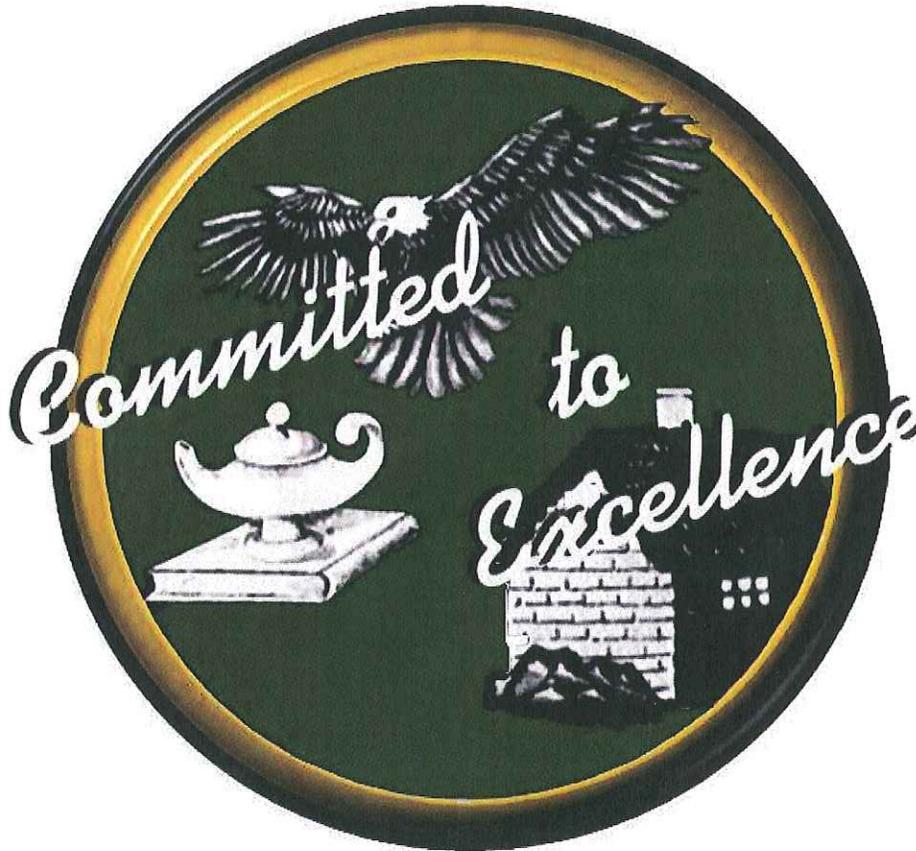


SCHOOL DISTRICT
OF
NEW MILFORD



NEW MILFORD BOARD OF EDUCATION
NEW MILFORD, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

New Milford Board of Education

New Milford, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Business Office

**NEW MILFORD BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-iii
Organizational Chart	iv
Roster of Officials	v
Consultants and Advisors	vi
FINANCIAL SECTION	
Independent Auditor's Report	1-2
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	3-17
Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Assets	18
A-2 Statement of Activities	19-20
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	23
<i>Proprietary Funds</i>	
B-4 Statement of Net Assets	24
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	25
B-6 Statement of Cash Flows	26
<i>Fiduciary Funds</i>	
B-7 Statement of Fiduciary Net Assets	27
B-8 Statement of Changes in Fiduciary Net Assets	28
Notes to the Basic Financial Statements	29-52
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	53-59
C-1a1 Budgetary Comparison Schedule – General Fund – ARRA – Education Stabilization Fund (ESF) Aid	60
C-1a2 Budgetary Comparison Schedule – General Fund – ARRA – Government Services Fund (GSF) Aid	60
C-2 Budgetary Comparison Schedule – Special Revenue Fund	61
C-3 Budgetary Comparison Schedule – Notes to the Required Supplementary Information	62

**NEW MILFORD BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures - Special Revenue Fund – Budgetary Basis	63-64
E-2	Preschool Education Aid – Budgetary Basis – Not Applicable	65

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	66
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	67
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status Additions and Renovations to Berkeley and Gibbs Schools	68
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status Roof, Boiler and Ceiling Replacement – High School	69
F-2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status Fiber Optic Network Project	70
F-2d	Schedule of Project Revenues, Expenditures, Project Balance and Project Status Roof Replacement Project at B.F. Gibbs Elementary School	71
F-2e	Schedule of Project Revenues, Expenditures, Project Balance and Project Status Roof Replacement Project at Berkley Street Elementary School	72

G. Proprietary Funds

Enterprise Fund

G-1	Statement of Net Assets	73
G-2	Statement of Revenues, Expenses and Changes in Fund Net Assets	74
G-3	Statement of Cash Flows	75

H. Fiduciary Funds

H-1	Combining Statement of Fiduciary Net Assets	76
H-2	Combining Statement of Changes in Fiduciary Net Assets – Not Applicable	77
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	78
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	79

**NEW MILFORD BOARD OF EDUCATION
TABLE OF CONTENTS**

		<u>Page</u>
I.	Long-Term Debt	
I-1	Schedule of Serial Bonds	80
I-2	Schedule of Obligations under Capital Leases	81
I-3	Debt Service Fund Budgetary Comparison Schedule	82
J.	STATISTICAL SECTION (Unaudited)	
J-1	Net Assets by Component	83
J-2	Changes in Net Assets	84-85
J-3	Fund Balances – Governmental Funds	86
J-4	Changes in Fund Balances - Governmental Funds	87
J-5	General Fund Other Local Revenue by Source	88
J-6	Assessed Value and Actual Value of Taxable Property	89
J-7	Direct and Overlapping Property Tax Rates	90
J-8	Principal Property Taxpayers	91
J-9	Property Tax Levies and Collections	92
J-10	Ratios of Outstanding Debt by Type	93
J-11	Ratios of Net General Bonded Debt Outstanding	94
J-12	Direct and Overlapping Governmental Activities Debt	95
J-13	Legal Debt Margin Information	96
J-14	Demographic and Economic Statistics	97
J-15	Principal Employers	98
J-16	Full-Time Equivalent District Employees by Function/Program	99
J-17	Operating Statistics	100
J-18	School Building Information	101
J-19	Schedule of Required Maintenance for School Facilities	102
J-20	Insurance Schedule	103
K.	SINGLE AUDIT SECTION	
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	104-105
K-2	Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04	106-108
K-3	Schedule of Expenditures of Federal Awards	109
K-4	Schedule of Expenditures of State Financial Assistance	110-111
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	112-113
K-6	Schedule of Findings and Questioned Costs	114-119
K-7	Summary Schedule of Prior Audit Findings	120

Introductory Section

NEW MILFORD BOARD OF EDUCATION

**145 Madison Avenue
New Milford, NJ 07646**

September 29, 2011

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

Dear Board Members and Constituents of New Milford:

The comprehensive annual financial report of the New Milford School District (District) for the fiscal year ended June 30, 2011 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 New 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 statements and 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 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on 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: New Milford School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The New Milford Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 2131 students, which is 30 students 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	Percent Change
2010-11	2131	1.43%
2009-10	2101	-0.71%
2008-09	2116	4.70%
2007-08	2021	2.38%
2006-07	1974	0.10%
2005-06	1972	-0.30%
2004-05	1978	1.18%
2003-04	1955	6.27%
2002-03	1840	-2.20%
2001-02	1881	-0.58%

2) ECONOMIC CONDITION AND OUTLOOK: For the school year ended June 30, 2011, the district experienced a substantial loss of state aid due to the state budget crisis. While 40% of the total loss in state aid was restored for the 2001-2012 school year, increased costs associated with mandated special education programs, health benefits, enrollment increases, etc. will continue to exert pressure on district resources. The additional state aid will be used for restoration of staff and operational cuts and for taxpayer relief as required by state mandates.

3) MAJOR INITIATIVES: **Class of 2011** 98% of the graduates plan to receive some form of formal post-secondary education or training. 58% will be attending four year colleges in the Fall. 40% will be participating in two year community college or career training programs. 1% will enter the military. The remaining 1% intend to enter the job market immediately.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining internal control 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). Internal control 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 awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control 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 internal control, including that portion related to federal awards 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

6) DEBT ADMINISTRATION: At June 30, 2011 the District's outstanding debt issue was \$4,130,000 of general obligation bonds to fund the referendum projects approved by the voters.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. 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. 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.

8) 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.

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, CPAs, was selected by the Board's audit committee. 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 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. 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 the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the New 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 efficient and dedicated services of our financial and accounting staff.

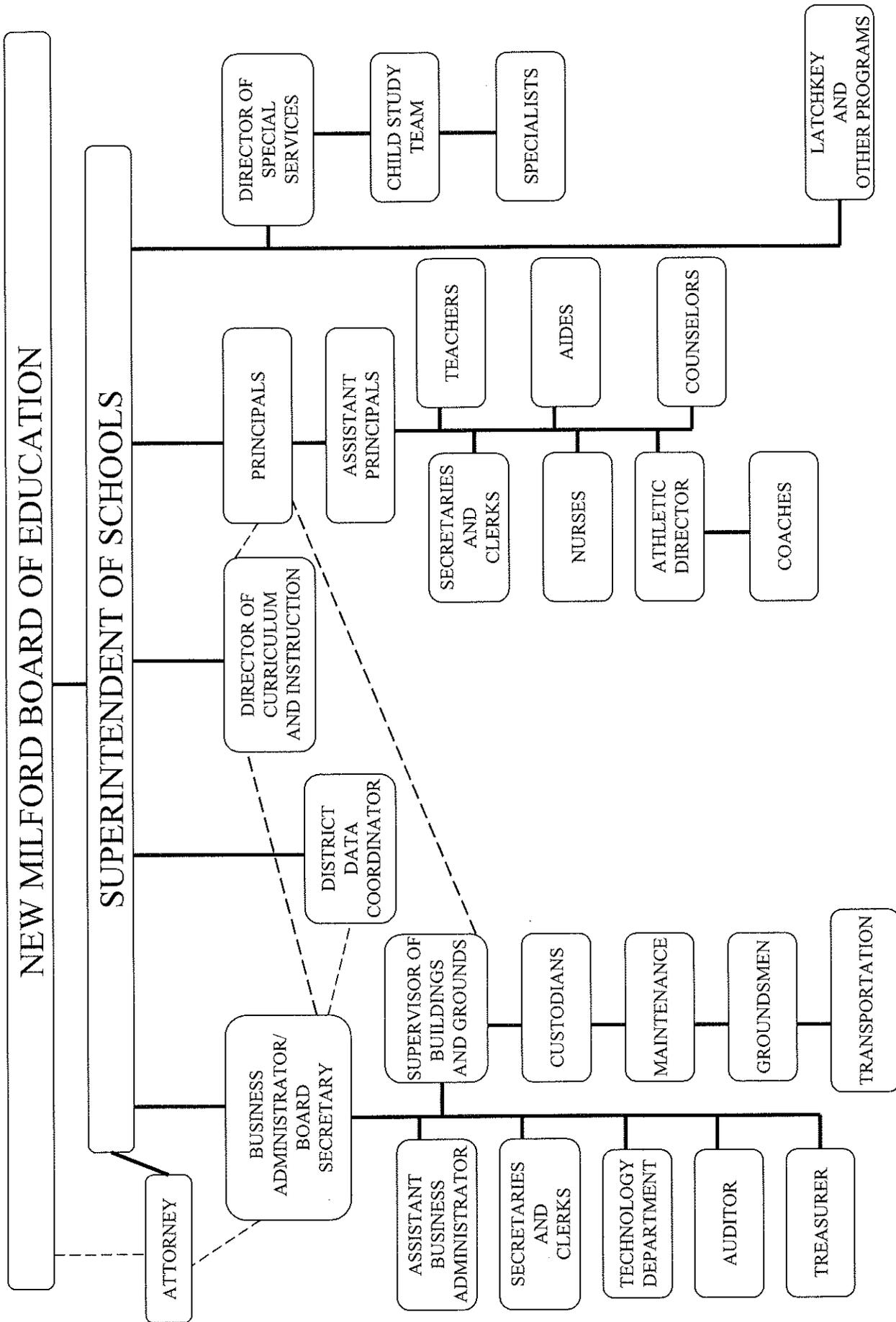
Respectfully submitted,



Michael Polizzi
Superintendent



Michael Sawicz
Business Administrator



**NEW MILFORD BOARD OF EDUCATION
NEW MILFORD NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Daniel Conner, President	2014
Darren Drake, Vice-President	2012
John Bigger	2013
David Foo	2012
Geraldine Mechler	2013
Judith Rabinowitz-McSweeney	2013
Paige Ryan	2014
Peggy Saslow	2014
Joseph Steele	2012
<u>Other Officials</u>	
Michael Polizzi, Superintendent	
Michael Sawicz, Business Administrator/Board Secretary	
Denise Amoroso, Treasurer	
Steven Fogarty, Esq., Solicitor	

NEW MILFORD BOARD OF EDUCATION

Consultants and Advisors

Architect

Solutions Architecture LLC
81 Clay Street 2nd Floor Suite 2
Newark, NJ 07104

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, NJ 07410

Attorney

Steven Fogarty
Fogarty & Hara
16-00 Route 208 South
Fairlawn, NJ 07410

Official Depository

TD Bank
Bergenfield Office

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Trustees
New Milford Board of Education
New Milford, New Jersey

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 New Milford Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. 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; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the New Milford Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 New Milford Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2011 on our consideration of the New Milford Board of Education'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

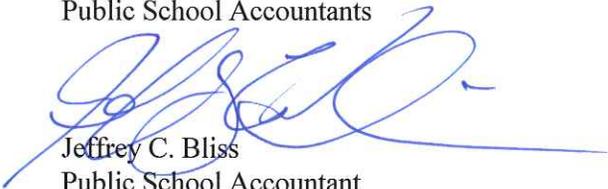
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Milford Board of Education's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected 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 them.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants


Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey

September 29, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

This section of the New Milford Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-2011 fiscal year include the following:

- The assets of the New Milford School District exceeded its liabilities at the close of the fiscal year by \$20,156,758 (net assets).
- Overall District revenues were \$33,479,685 which were \$1,780,396 greater than overall District expenses of \$31,699,289. General revenues accounted for \$27,770,348 or 83% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$5,709,337 or 17% of total revenues.
- The School District had \$30,765,528 in expenses for governmental activities; only \$4,697,637 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$27,669,774 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,068,394. Of that amount, \$203,491 (7%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned fund balance was \$203,491 at June 30, 2011, an increase of \$121,066 when compared with the beginning balance at July 1, 2010.
- The General Fund unassigned budgetary basis fund balance at June 30, 2011 was \$789,898, which represents an increase of \$757 compared to the ending budgetary basis fund balance at June 30, 2011 of \$789,141.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

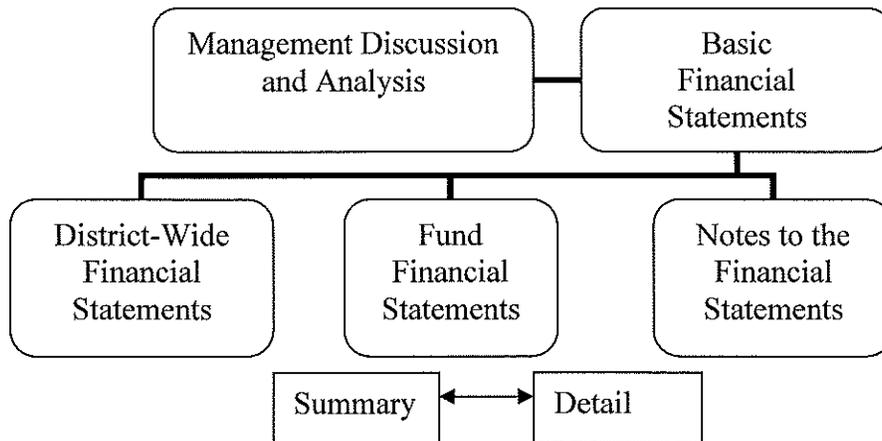
Year Ended June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District’s operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending
- *Proprietary funds statements* offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The Figure below shows how the various parts of this annual report are arranged and related to one another.



NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction; building maintenance, transportation, and administration.	Activities the district operates similar to private businesses; food service and latch key.	Instances in which the district administers resources on behalf of someone else, such as unemployment, student activities, and payroll deductions.
Required Financial Statements	Statements of Net Assets Statement of Activities	Balance Sheet Statement of Revenue Expenditures and changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses and changes in Fund Net Assets Statement of Cash Flows	Statements of Fiduciary Net Assets Statement of changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities both short and long-term funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received and the related liability is due and payable	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the Districts *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statement's the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and community education. Property taxes and State and Federal aids finance most of these activities.
- *Business-type activities* – The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund, Latchkey Fund and Summer Enrichment Fund are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or “major” funds – not the district as a whole. funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g. repaying its long-term debts) or to show that it is properly using certain revenues (e.g. Federal funds).

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
 - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The state intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds for its food service operations, latchkey and summer enrichment programs.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found following the basic financial statements.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the general and special revenue funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The district's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following provides a summary of the school district's net assets for 2011 and 2010.

Net Assets. The District's *combined* net assets were \$20,156,758 on June 30, 2011 and \$18,376,362 on June 30, 2010.

Statement of Net Assets As of June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 4,273,888	\$ 2,817,394	\$ 458,578	\$ 360,972	\$ 4,732,466	\$ 3,178,366
Capital Assets	21,146,997	21,306,300	91,207	98,757	21,238,204	21,405,057
Total Assets	25,420,885	24,123,694	549,785	459,729	25,970,670	24,583,423
Long-Term Liabilities	4,560,318	5,011,008			4,560,318	5,011,008
Other Liabilities	1,205,119	1,159,121	48,475	36,932	1,253,594	1,196,053
Total Liabilities	5,765,437	6,170,129	48,475	36,932	5,813,912	6,207,061
Net Assets						
Invested in Capital Assets Net of Related Debt	16,893,388	16,637,735	91,207	98,757	16,984,595	16,736,492
Restricted	1,612,894	1,003,566			1,612,894	1,003,566
Unrestricted	1,149,166	312,264	410,103	324,040	1,559,269	636,304
Total Net Assets	\$ 19,655,448	\$ 17,953,565	\$ 501,310	\$ 422,797	\$ 20,156,758	\$ 18,376,362

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following shows changes in net assets for fiscal years 2011 and 2010.

Change in Net Assets For the Fiscal Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$ 15,503	\$ 74,334	\$ 867,165	\$ 838,147	\$ 882,668	\$ 912,481
Operating Grants and Contributions	4,601,143	5,402,818	144,535	128,535	4,745,678	5,531,353
Capital Grants and Contributions	80,991	259,062			80,991	259,062
General Revenues						
Property Taxes	27,432,273	26,108,884			27,432,273	26,108,884
State Aid - Unrestricted	21,712	328,720			21,712	328,720
Other	315,789	173,218	574	697	316,363	173,915
Total Revenues	32,467,411	32,347,036	1,012,274	967,379	33,479,685	33,314,415
Expenses						
Instruction						
Regular	11,559,201	12,015,579			11,559,201	12,015,579
Special Education	5,497,116	5,695,645			5,497,116	5,695,645
Other Instruction	306,805	293,040			306,805	293,040
School Sponsored Activities and Athletics	778,712	804,498			778,712	804,498
Support Services						
Student and Instruction Related Services	4,114,083	4,391,407			4,114,083	4,391,407
General Administrative Services	824,124	703,105			824,124	703,105
School Administrative Services	1,850,285	1,864,842			1,850,285	1,864,842
Central and Other Support Services	840,299	776,411			840,299	776,411
Plant Operation and Maintenance	3,971,247	4,069,459			3,971,247	4,069,459
Pupil Transportation	865,280	844,057			865,280	844,057
Interest on Debt	158,376	176,275			158,376	176,275
Food Service			640,819	676,803	640,819	676,803
Latchkey Program			286,257	272,386	286,257	272,386
Summer Enrichment Program	-	-	6,685	-	6,685	-
Total Expenses	30,765,528	31,634,318	933,761	949,189	31,699,289	32,583,507
Increase in Net Assets	1,701,883	712,718	78,513	18,190	1,780,396	730,908
Beginning of Year, Net Assets	17,953,565	17,240,847	422,797	404,607	18,376,362	17,645,454
End of Year, Net Assets	\$ 19,655,448	\$ 17,953,565	\$ 501,310	\$ 422,797	\$ 20,156,758	\$ 18,376,362

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

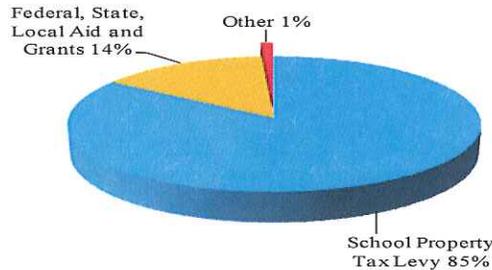
Year Ended June 30, 2011

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$32,467,411 for the year ended June 30, 2011, property taxes of \$27,432,273 represented 85% of revenues. Another significant portion of revenues came from State aid; total State, Federal and Local Aid and Grants were \$4,703,846 and represented 14% of revenues. In addition, tuition, transportation fees and miscellaneous income is earned which includes items such as interest, prior year refunds and other miscellaneous items.

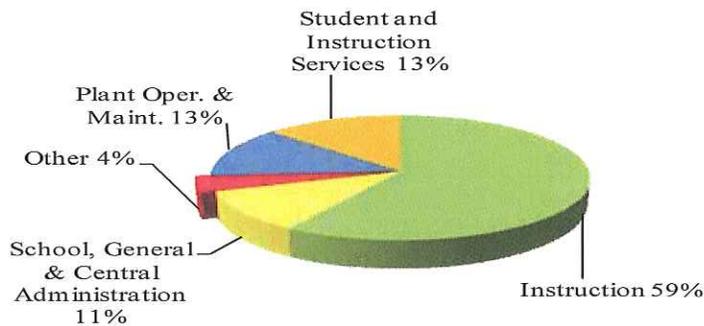
The total cost of all governmental activities programs and services was \$30,765,528. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$18,141,834 (59%) of total expenses. Support services, total \$12,465,318 (41%) of total expenses.

Total governmental activities revenues exceeded expenses, increasing net assets by \$1,701,883 from the previous year.

Revenues by Type – Governmental Activities
For Fiscal Year 2011



Expenditures by Type – Governmental Activities
For Fiscal Year 2011



NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

Net Cost of Governmental Activities. The District's total cost of services was \$30,765,528. After applying program revenues, derived from operating grants and contributions of \$4,601,143 capital grants and contributions of \$80,991 and charges for services of \$15,503, the net cost of services of the District is \$26,067,891.

Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2011 and 2010

Governmental Activities	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction				
Regular	\$ 11,559,201	\$ 12,015,579	\$ 10,048,862	\$ 10,265,117
Special Education	5,497,116	5,695,645	3,088,408	2,982,725
Other Instruction	306,805	293,040	265,719	230,938
School Sponsored Activities and Athletics	778,712	804,498	776,808	801,195
Support Services				
Student and Instruction Related Services	4,114,083	4,391,407	3,682,310	4,000,865
General Administration	824,124	703,105	799,720	664,138
School Administration Services	1,850,285	1,864,842	1,675,800	1,722,435
Central and Other Support Services	840,299	776,411	822,335	745,752
Plant Operation and Maintenance	3,971,247	4,069,459	3,960,568	3,684,615
Pupil Transportation	865,280	844,057	788,985	624,049
Interest on Debt	158,376	176,275	158,376	176,275
Total Governmental Activities	\$ 30,765,528	\$ 31,634,318	\$ 26,067,891	\$ 25,898,104

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2011 was \$933,761. These costs were funded by charges for services of \$867,165 (86%) and operating grants of \$144,535 (14%), as detailed in the change in net assets schedule.

Total business-type activities revenues surpassed expenses, increasing net assets by \$78,513 over the previous year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$3,068,394 at June 30, 2011 compared to a combined fund balance of \$1,653,432 at June 30, 2010.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Revenues for the District's governmental funds were \$32,433,651, while total expenditures were \$31,018,689.

GENERAL FUND

The General fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 12 including pupil transportation, activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

Summary of General Fund Revenues For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>	Amount of Increase (Decrease)	Percent Change
Revenues				
Local Sources:				
Property Tax Levy	\$ 26,912,223	\$ 25,565,634	\$ 1,346,589	5%
Tuition	1,400	67,608	(66,208)	-98%
Transportation	14,103	6,726	7,377	110%
Interest	33,376	27,074	6,302	23%
Miscellaneous	282,365	141,219	141,146	100%
State Sources	3,288,016	4,024,716	(736,700)	-18%
Federal Sources	<u>-</u>	<u>108,541</u>	<u>(108,541)</u>	-100%
Total Revenues	<u>\$ 30,531,483</u>	<u>\$ 29,941,518</u>	<u>\$ 589,965</u>	2%

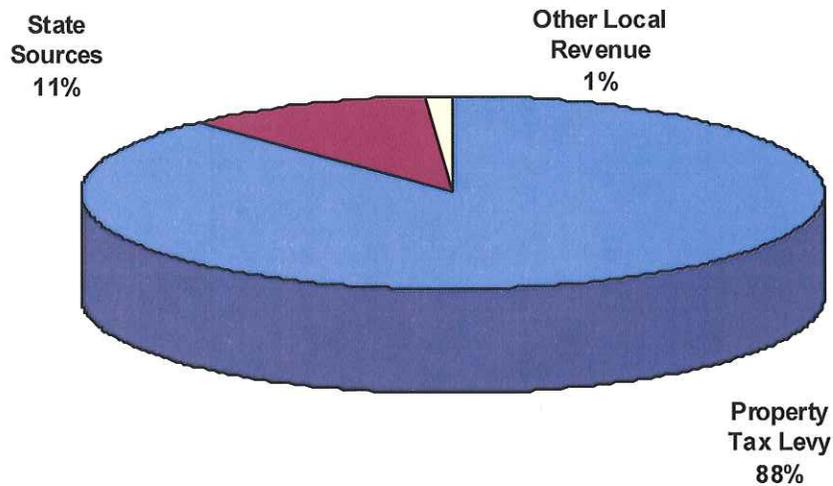
The majority of revenues come from property taxes which accounted for 88% of total revenue while state sources represented 11% of total revenue for the 2011 fiscal year.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

General Fund Revenues by Source



The following schedule presents a summary of General Fund expenditures.

Summary of General Fund Expenditures For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>	Amount of Increase (Decrease)	Percent Change
Expenditures				
Instruction	\$ 17,035,975	\$ 17,280,546	\$ (244,571)	-1%
Support Services	11,711,615	12,060,949	(349,334)	-3%
Debt Service	69,799	128,165	(58,366)	-46%
Capital Outlay	<u>301,403</u>	<u>77,299</u>	<u>224,104</u>	290%
Total Expenditures	<u>\$ 29,118,792</u>	<u>\$ 29,546,959</u>	<u>\$ (428,167)</u>	-1%

Total General Fund expenditures decreased \$428,167 or 1% from the previous year. Instruction represented 59% of total expenditures while support services accounted for 40% of total expenditures for the 2011 fiscal year.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

For the 2010-2011 school year general fund revenues and other financing sources exceeded expenditures by \$1,412,739. After adjusting for restricted, committed and assigned fund balances, the unassigned fund balance increased from \$82,425 at June 30, 2010 to \$203,491 at June 30, 2011. Consequently, the district has \$366,087 of restricted excess surplus from the current year operations compared to no excess surplus at June 30, 2010.

CAPITAL PROJECTS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal years 2011 and 2010, the school district had invested in land, buildings, furniture, machinery and equipment as follows:

Capital Assets As of June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 3,255,000	\$ 3,255,000			\$ 3,255,000	\$ 3,255,000
Land Improvements	1,557,745	1,557,745			1,557,745	1,557,745
Buildings and Building Improvements	24,821,525	24,821,525			24,821,525	24,821,525
Machinery and Equipment	2,088,275	1,844,904	\$ 191,208	\$ 191,208	2,279,483	2,036,112
Construction in Progress	136,800	-	-	-	136,800	-
Total	31,859,345	31,479,174	191,208	191,208	32,050,553	31,670,382
Less: Accumulated Depreciation	<u>(10,712,348)</u>	<u>(10,172,874)</u>	<u>(100,001)</u>	<u>(92,451)</u>	<u>(10,812,349)</u>	<u>(10,265,325)</u>
Total	\$ 21,146,997	\$ 21,306,300	\$ 91,207	\$ 98,757	\$ 21,238,204	\$ 21,405,057

Additional information on the District's capital assets is presented in Note 3 of this report.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

Debt Administration. As of June 30, 2011 and 2010 the school district had long-term debt and outstanding long-term liabilities in the amount of \$4,428,775 and \$4,858,815 as follows:

Outstanding Long-Term Liabilities As of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Serial Bonds Payable	\$ 4,130,000	\$ 4,470,000
Capital Leases Payable	65,128	129,835
Compensated Absences Payable	<u>233,647</u>	<u>258,980</u>
Total	<u>\$ 4,428,775</u>	<u>\$ 4,858,815</u>

Additional information on the District's long-term liabilities is presented in Note 3 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and budgeting for gifts and donations.
- Reinstating prior year purchase orders being carried over.
- Increases in appropriations for significant unbudgeted costs.
- Adjustments for final State aid amounts.

Revisions in the budget were made through budget transfers and to appropriate additional fund balance to prevent over expenditures in specific line item accounts. There were certain revisions to the budget during the year other than the reappropriation of prior year encumbrances. These revisions were as follows:

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

- Appropriation of unassigned fund balance of \$232,401 for expenditures related to payments of aid in lieu of transportation and special education tuition.
- Increase to estimated revenues and appropriations in the amount of \$18,270 for tuition and the after school enrichment program for unbudgeted costs.

General Fund budgetary basis revenues exceeded budgetary basis expenditures, increasing budgetary basis fund balance \$1,292,430 from the previous year. After deducting restricted, committed, and assigned fund balances, the unassigned budgetary fund balance increased \$757 from \$789,141 at June 30, 2010 to \$789,898 at June 30, 2011. In addition, the District restricted fund balance for excess surplus of \$366,087 at June 30, 2011 compared to no excess surplus at June 30, 2010.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Continued increasing enrollments will pose a challenge to the annual operating budget as additional staff members and resources are required to maintain a comprehensive educational program. In addition, spiraling health benefits and special education costs continue to negatively impact the district's budget. Budget increases have remained comparatively low in the past few years due mainly to a high retirement rate. As the pool of retirees dwindles, less money will be available from "breakage" to cover increasing operating expenses. Flat State Aid levels will only enhance the budget problems.

Many construction and renovation projects will be staged in various parts of the district. State legislation entitled the "Educational Facilities Construction and Financing Act" has partially funded major construction and improvement projects for the district. Complete information relating to this topic is available by reviewing the School District's long range facility plan on file in the School Business Administrator's office.

These factors were considered when adopting the budget for fiscal year 2011-2012. Budgeted expenditures in the General Fund increased approximately two percent (2%) to \$29,163,755 in fiscal year 2011-2012.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2011

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Business Office, New Milford Board of Education, 145 Madison Avenue, New Milford, NJ 07646.

Telephone: (201) 261-2952

Fax: (201) 261-8018

BASIC FINANCIAL STATEMENTS

**NEW MILFORD BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,631,547	\$ 446,733	\$ 4,078,280
Receivables, Net:			
Receivables from Other Governments	553,011	7,790	560,801
Other	21,918	2,031	23,949
Inventory		2,024	2,024
Deferred Charges	67,412		67,412
Capital Assets Not Being Depreciated	3,391,800		3,391,800
Capital Assets, Being Depreciation	<u>17,755,197</u>	<u>91,207</u>	<u>17,846,404</u>
Total Assets	<u>25,420,885</u>	<u>549,785</u>	<u>25,970,670</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,012,413	42,151	1,054,564
Payable to Other Governments	124,392		124,392
Accrued Interest Payable	67,037		67,037
Unearned Revenue	1,277	6,324	7,601
Noncurrent Liabilities :			
Due Within One Year	445,367		445,367
Due Beyond One Year	<u>4,114,951</u>	<u>-</u>	<u>4,114,951</u>
Total Liabilities	<u>5,765,437</u>	<u>48,475</u>	<u>5,813,912</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	16,893,388	91,207	16,984,595
Restricted for:			
Capital Projects	1,079,273		1,079,273
Other Purposes	533,621		533,621
Unrestricted	<u>1,149,166</u>	<u>410,103</u>	<u>1,559,269</u>
Total Net Assets	<u>\$ 19,655,448</u>	<u>\$ 501,310</u>	<u>\$ 20,156,758</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**NEW MILFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction:							
Regular	\$ 11,559,201		\$ 1,458,922	\$ 51,417	\$ (10,048,862)	\$	\$ (10,048,862)
Special Education	5,497,116	\$ 1,400	2,379,957	27,351	(3,088,408)		(3,088,408)
Other Instruction	306,805		41,086		(265,719)		(265,719)
School Sponsored Activities and Athletics	778,712		1,904		(776,808)		(776,808)
Support Services							
Student and Instruction Related Services	4,114,083		431,773		(3,682,310)		(3,682,310)
General Administrative Services	824,124		24,404		(799,720)		(799,720)
School Administrative Services	1,850,285		174,485		(1,675,800)		(1,675,800)
Central and Other Support Services	840,299		17,964		(822,335)		(822,335)
Plant Operations and Maintenance	3,971,247		8,456	2,223	(3,960,568)		(3,960,568)
Pupil Transportation	865,280	14,103	62,192		(788,985)		(788,985)
Interest on Debt	158,376	-	-	-	(158,376)		(158,376)
Total Governmental Activities	30,765,528	15,503	4,601,143	80,991	(26,067,891)	-	(26,067,891)
Business-Type Activities							
Food Service	640,819	542,826	144,535			\$ 46,542	46,542
Latch Key Program	286,257	317,699				31,442	31,442
Summer Enrichment Program	6,685	6,640	-			(45)	(45)
Total Business-Type Activities	933,761	867,165	144,535	-	-	77,939	77,939
Total Primary Government	\$ 31,699,289	\$ 882,668	\$ 4,745,678	\$ 80,991	(26,067,891)	77,939	(25,989,952)

**NEW MILFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 26,912,223		\$ 26,912,223
Levied for Debt Service	520,050		520,050
State Aid, Unrestricted	21,712		21,712
Interest Income	33,424	\$ 574	33,998
Miscellaneous Income	282,365	-	282,365
	<u>27,769,774</u>	<u>574</u>	<u>27,770,348</u>
Total General Revenues			
Change in Net Assets	1,701,883	78,513	1,780,396
Net Assets, Beginning of Year	17,953,565	422,797	18,376,362
Net Assets, End of Year	<u>\$ 19,655,448</u>	<u>\$ 501,310</u>	<u>\$ 20,156,758</u>

FUND FINANCIAL STATEMENTS

**NEW MILFORD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,546,425		\$ 52,834	\$ 32,288	\$ 3,631,547
Receivables, Net					
Receivables from Other Governments	54,378	\$ 498,633			553,011
Accounts	12,863	7,500			20,363
Due from Other Funds	<u>266,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,208</u>
Total Assets	<u>\$ 3,879,874</u>	<u>\$ 506,133</u>	<u>\$ 52,834</u>	<u>\$ 32,288</u>	<u>\$ 4,471,129</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 553,731	\$ 113,318			\$ 667,049
Accrued Salaries and Wages	47,878				47,878
Compensated Absences Payable	105,366				105,366
Judgement Payable	189,627	2,493			192,120
Payable to State Government		124,392			124,392
Deferred Revenue		1,277			1,277
Due to Other Funds	<u>-</u>	<u>264,653</u>	<u>-</u>	<u>-</u>	<u>264,653</u>
Total Liabilities	<u>896,602</u>	<u>506,133</u>	<u>-</u>	<u>-</u>	<u>1,402,735</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	1,032,089				1,032,089
Maintenance Reserve	501,333				501,333
Emergency Reserve	285,199				285,199
Reserved Excess Surplus	366,087				366,087
Debt Service				32,288	32,288
Capital Projects			52,834		52,834
Committed Fund Balance					
Year End Encumbrances	327,900				327,900
Assigned Fund Balance					
Year End Encumbrances	267,173				267,173
Unassigned Fund Balance	<u>203,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,491</u>
Total Fund Balances	<u>2,983,272</u>	<u>-</u>	<u>52,834</u>	<u>32,288</u>	<u>3,068,394</u>
Total Liabilities and Fund Balances	<u>\$ 3,879,874</u>	<u>\$ 506,133</u>	<u>\$ 52,834</u>	<u>\$ 32,288</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$31,859,345 and the accumulated depreciation is \$10,712,348.

21,146,997

The District has financed capital assets through the issuance of serial bonds, long-term lease obligations, and notes. The interest accrual at year end is:

(67,037)

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

General Obligation Bonds, Net	\$ 4,261,543
Less: Deferred Charge for Issuance Costs	(67,412)
Capital Leases Payable	65,128
Compensated Absences	<u>233,647</u>

(4,492,906)

Net Assets of Governmental Activities

\$ 19,655,448

NEW MILFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 26,912,223			\$ 520,050	\$ 27,432,273
Tuition	1,400				1,400
Transportation Fees	14,103				14,103
Interest	33,376		\$ 48		33,424
Miscellaneous	282,365	\$ 7,500	-	-	289,865
Total - Local Sources	27,243,467	7,500	48	520,050	27,771,065
State Sources	3,288,016	375,362	2,223		3,665,601
Federal Sources	-	996,985	-	-	996,985
Total Revenues	30,531,483	1,379,847	2,271	520,050	32,433,651
EXPENDITURES					
Instruction					
Regular	11,114,297	446,694			11,560,991
Special Education	4,850,487	653,623			5,504,110
Other Instruction	295,022	11,783			306,805
School-Sponsored Activities and Athletics	776,169				776,169
Support Services					
Student and Instruction Related Services	3,915,780	202,550			4,118,330
General Administrative Services	815,071				815,071
School Administrative Services	1,843,779				1,843,779
Central and Other Support Services	803,498				803,498
Plant Operations and Maintenance	3,544,301				3,544,301
Pupil Transportation	789,186	20,189			809,375
Debt Service					
Principal	64,707			340,000	404,707
Interest and Other Charges	5,092			180,050	185,142
Capital Outlay	301,403	45,008	-	-	346,411
Total Expenditures	29,118,792	1,379,847	-	520,050	31,018,689
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,412,691	-	2,271	-	1,414,962
OTHER FINANCING SOURCES (USES)					
Transfers In	48				48
Transfers Out	-	-	(48)	-	(48)
Total Other Financing Sources and Uses	48	-	(48)	-	-
Net Change in Fund Balances	1,412,739	-	2,223	-	1,414,962
Fund Balance, Beginning of Year	1,570,533	-	50,611	32,288	1,653,432
Fund Balance, End of Year	\$ 2,983,272	\$ -	\$ 52,834	\$ 32,288	\$ 3,068,394

**NEW MILFORD BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,414,962

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$	346,411
Depreciation Expense		<u>(539,474)</u>

(193,063)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales disposals, donations) is to increase net assets. These transactions are not reported in the governmental fund financial statements

Donations of Capital Assets	33,760
-----------------------------	--------

In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (paid):

Compensated Absences	25,333
----------------------	--------

Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Capital Leases	64,707
Serial Bonds	<u>340,000</u>

404,707

In the statement of activities, costs related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, the issuance costs are reported upon issuance of the debt. This amount represents the current year amortization of the costs related to the issuance of long term debt in previous years.

Cost of Issuance	(10,582)
Deferred Amount on Refunding	(12,864)
Original Issue Premium	<u>33,514</u>

10,068

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest	<u>6,116</u>
------------------------------	--------------

Change in net assets of governmental activities **\$ 1,701,883**

**NEW MILFORD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

Business-Type Activities - Enterprise Fund

	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Non-Major Enterprise Fund</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 97,249	\$ 344,663	\$ 4,821	\$ 446,733
Intergovernmental Receivable				
Federal	7,342			7,342
State	448			448
Accounts Receivable- Other		2,031		2,031
Inventories	2,024	-	-	2,024
Total Current Assets	<u>107,063</u>	<u>346,694</u>	<u>4,821</u>	<u>458,578</u>
Capital Assets				
Equipment	55,363	135,845		191,208
Less: Accumulated Depreciation	<u>(49,878)</u>	<u>(50,123)</u>	<u>-</u>	<u>(100,001)</u>
Total Capital Assets	<u>5,485</u>	<u>85,722</u>	<u>-</u>	<u>91,207</u>
Total Assets	<u>112,548</u>	<u>432,416</u>	<u>4,821</u>	<u>549,785</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	35,344	518	-	35,862
Accrued Salary and Wages		5,723	566	6,289
Unearned Revenue	2,024	-	4,300	6,324
Total Current Liabilities	<u>37,368</u>	<u>6,241</u>	<u>4,866</u>	<u>48,475</u>
NET ASSETS (DEFICITS)				
Invested in capital assets net of related debt	5,485	85,722		91,207
Unrestricted	<u>69,695</u>	<u>340,453</u>	<u>(45)</u>	<u>410,103</u>
Total Net Assets (Deficits)	<u>\$ 75,180</u>	<u>\$ 426,175</u>	<u>\$ (45)</u>	<u>\$ 501,310</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**NEW MILFORD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Business-Type Activities - Enterprise Fund</u>			<u>Totals</u>
	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Non-Major Enterprise Fund</u>	
OPERATING REVENUES				
Charges for Services				
Daily Sales	\$ 542,826			\$ 542,826
Program Fees	-	\$ 317,699	\$ 6,640	324,339
Total Operating Revenues	<u>542,826</u>	<u>317,699</u>	<u>6,640</u>	<u>867,165</u>
OPERATING EXPENSES				
Salaries and Employee Benefits	249,560	241,787	4,213	495,560
Cost of Sales	278,611			278,611
Purchased Management Services	76,622			76,622
Other Purchased Services	35,620	2,884		38,504
Supplies and Materials		34,442	2,472	36,914
Depreciation	406	7,144	-	7,550
Total Operating Expenses	<u>640,819</u>	<u>286,257</u>	<u>6,685</u>	<u>933,761</u>
Operating Income (Loss)	<u>(97,993)</u>	<u>31,442</u>	<u>(45)</u>	<u>(66,596)</u>
NONOPERATING REVENUES				
Federal Sources				
National School Lunch Program	138,308			138,308
State Sources				
State School Lunch Program	6,227			6,227
Interest	557	17	-	574
Total Nonoperating Revenues	<u>145,092</u>	<u>17</u>	<u>-</u>	<u>145,109</u>
Change in Net Assets	47,099	31,459	(45)	78,513
Total Net Assets, Beginning of Year	<u>28,081</u>	<u>394,716</u>	<u>-</u>	<u>422,797</u>
Total Net Assets (Deficits), End of Year	<u>\$ 75,180</u>	<u>\$ 426,175</u>	<u>\$ (45)</u>	<u>\$ 501,310</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**NEW MILFORD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Business-Type Activities - Enterprise Fund</u>			
	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Non-Major Enterprise Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 543,592	\$ 315,873	\$ 10,940	\$ 870,405
Cash Payments for Employees' Salaries and Benefits	(249,560)	(244,198)	(3,647)	(497,405)
Cash Payments to Suppliers for Goods and Services	(345,057)	(37,530)	(2,472)	(385,059)
Net Cash Provided by (Used for) Operating Activities	(51,025)	34,145	4,821	(12,059)
Cash Flows from Noncapital Financing Activities				
Cash Received from State and Federal Subsidy Reimbursements	110,398	-	-	110,398
Net Cash Provided by (Used for) Noncapital Financing Activities	110,398	-	-	110,398
Cash Flows from Investing Activities				
Interest Received	557	17	-	574
Net Cash Provided by (Used for) Investing Activities	557	17	-	574
Net Increase (Decrease) in Cash and Cash Equivalents	59,930	34,162	4,821	98,913
Cash and Cash Equivalents, Beginning of Year	37,319	310,501	-	347,820
Cash and Cash Equivalents, End of Year	\$ 97,249	\$ 344,663	\$ 4,821	\$ 446,733
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$ (97,993)	\$ 31,442	\$ (45)	\$ (66,596)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation	406	7,144		7,550
Food Distribution Program (USDA Commodities)	33,779			33,779
Change in Assets and Liabilities				
(Increase)/Decrease in Accounts Receivable	766	(1,678)		(912)
(Increase)/Decrease in Inventory	2,577			2,577
Increase/(Decrease) in Accounts Payable	9,170	(204)		8,966
Increase/(Decrease) in Accrued Salary and Wages		(2,411)	566	(1,845)
Increase/(Decrease) in Unearned Revenue	270	(148)	4,300	4,422
Total Adjustments	46,968	2,703	4,866	54,537
Net Cash Provided by (Used for) Operating Activities	\$ (51,025)	\$ 34,145	\$ 4,821	\$ (12,059)
Non-Cash Investing, Capital and Financing Activities				
Value Received - Food Distribution Program	\$ 34,049			

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 48,768	\$ 176,601	\$ 350,830
Total Assets	<u>48,768</u>	<u>176,601</u>	<u>350,830</u>
LIABILITIES			
Intergovernmental Accounts Payable	22,951		
Employee Deposits Payable			\$ 203,731
Payroll Deductions and Withholdings			131
Due to Student Groups			145,413
Due to Other Funds	<u>-</u>	<u>-</u>	<u>1,555</u>
Total Liabilities	<u>22,951</u>	<u>-</u>	<u>\$ 350,830</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 25,817</u>	<u>\$ 176,601</u>	

The accompanying Notes to the Basic Financial Statements are an integral part of this statement

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
Employer	\$ 149,215	
Employee	26,619	
Private		\$ 40,650
Investment Earnings		
Interest	<u>184</u>	<u>586</u>
Total Additions	<u>176,018</u>	<u>41,236</u>
DEDUCTIONS		
Scholarships Awarded		59,450
Unemployment Claims and Contributions	<u>200,150</u>	<u>-</u>
Total Deductions	<u>200,150</u>	<u>59,450</u>
Change in Net Assets	(24,132)	(18,214)
Net Assets, Beginning of Year	<u>49,949</u>	<u>194,815</u>
Net Assets, End of Year	<u>\$ 25,817</u>	<u>\$ 176,601</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement

NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The New Milford Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the New Milford Board of Education this includes general operations, food service, before and after school child care, summer enrichment program and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, 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 district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and the Food Service and the Latchkey enterprise funds to be major funds.

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

The district-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 with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are 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 when susceptible to accrual (i.e. when 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 Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, transportation fees, unrestricted state aid, 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. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *latchkey fund* accounts for the activities of the District's child care program which provides before and after school childcare activities.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *broadway kids fund* accounts for the activities of the District's summer creative arts program which provides various enrichment and camp art activities.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods 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, unrestricted state aid, investment earnings and miscellaneous revenues.

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. The principal operating revenues of the food service enterprise fund, of the latchkey enterprise fund, and the Broadway Kids enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. *Receivables and Payables (Continued)*

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Capital Assets (Continued)

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20
Machinery and Equipment	10
Office Equipment and Furniture	5
Computer Equipment	5

5. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

6. Long-term obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Fund Equity (Continued)

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B.)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$698,301. The increase was funded by additional surplus appropriated, additional unbudgeted revenue, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year authorized and approved additional fund balance appropriations of \$24,942 and \$207,459 from the general fund were made on August 16, 2010 and March 21, 2011, respectively.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned 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 which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

A capital reserve account was established by the District on September 11, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010		\$ 726,559
Increases:		
Interest Earnings	\$ 5,530	
Approved by Board Resolution	<u>300,000</u>	
		<u>305,530</u>
Balance, June 30, 2011		<u>\$ 1,032,089</u>

C. Transfers to Capital Outlay

During the 2010/2011 school year, the district transferred \$315,300 to the capital outlay facilities acquisition and construction services accounts. The transfer was made from available appropriation balances in current expense budget accounts. The transfer was approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$366,087. This amount will be appropriated in the 2012/2013 original budget certified for taxes.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$4,654,479 and bank balances of the Board's cash and deposits amounted to \$4,940,615. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 4,940,615</u>
---------	---------------------

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2011 the Board's bank balance was not exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2011, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2011 for the district's individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	Special <u>Revenue</u>	Food <u>Service</u>	Latchkey <u>Program</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 54,378	\$ 498,633	\$ 7,790		\$ 560,801
Accounts	<u>12,863</u>	<u>7,500</u>	<u>-</u>	\$ 2,031	<u>22,394</u>
Gross Receivables	67,241	506,133	7,790	2,031	583,195
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 67,241</u>	<u>\$ 506,133</u>	<u>\$ 7,790</u>	<u>\$ 2,031</u>	<u>\$ 583,195</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 417
Grant drawdowns reserved for encumbrances	<u>860</u>
Total deferred revenue for governmental funds	<u>\$1,277</u>

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance, July 1, 2010	Increases	Decreases	Balance, June 30, 2011
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,255,000			\$ 3,255,000
Construction in Progress	-	\$ 136,800	-	136,800
Total Capital Assets, Not Being Depreciated	<u>3,255,000</u>	<u>136,800</u>	<u>-</u>	<u>3,391,800</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	24,821,525			24,821,525
Land Improvements	1,557,745			1,557,745
Machinery and Equipment	1,844,904	243,371	-	2,088,275
Total Capital Assets Being Depreciated	<u>28,224,174</u>	<u>243,371</u>	<u>-</u>	<u>28,467,545</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(8,364,365)		(404,361)	(8,768,726)
Land Improvements	(668,636)		(44,763)	(713,399)
Machinery and Equipment	(1,139,873)	-	(90,350)	(1,230,223)
Total Accumulated Depreciation	<u>(10,172,874)</u>	<u>-</u>	<u>(539,474)</u>	<u>(10,712,348)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,051,300</u>	<u>243,371</u>	<u>(539,474)</u>	<u>17,755,197</u>
Government Activities Capital Assets, Net	<u>\$ 21,306,300</u>	<u>\$ 380,171</u>	<u>\$ (539,474)</u>	<u>\$ 21,146,997</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 191,208	-	-	\$ 191,208
Total Capital Assets Being Depreciated	<u>191,208</u>	<u>-</u>	<u>-</u>	<u>191,208</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(92,451)	\$ (7,550)	-	(100,001)
Total Accumulated Depreciation	<u>(92,451)</u>	<u>(7,550)</u>	<u>-</u>	<u>(100,001)</u>
Total Capital Assets, Being Depreciated, Net	<u>98,757</u>	<u>(7,550)</u>	<u>-</u>	<u>91,207</u>
Business-Type Activities Capital Assets, Net	<u>\$ 98,757</u>	<u>\$ (7,550)</u>	<u>\$ -</u>	<u>\$ 91,207</u>

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction	
Regular	\$ 44,447
Special	2,781
School-Sponsored/Other Instructional	2,543
Total Instruction	<u>49,771</u>

Support Services	
Student and Instruction Related Services	1,035
General Administration	329
School Administration	9,013
Operations and Maintenance of Plant	418,748
Student Transportation	28,946
Business/Central Services	31,632
Total Support Services	<u>489,703</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 539,474</u>
--	-------------------

Business-Type Activities:

Food Service	\$ 406
Latch Key Program	<u>7,144</u>

Total Depreciation Expense-Business-Type Activities	<u>\$ 7,550</u>
---	-----------------

Construction Commitments

<u>Project</u>	<u>Remaining Commitment</u>
Roof Replacement at David E. Owens Middle School	\$ 115,000
Window Wall Replacement Project at High School	111,100
Solar Panel Installation Project at Elementary Schools	<u>75,900</u>
	<u>\$ 302,000</u>

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 264,653
General Fund	Payroll Agency Fund	<u>1,555</u>
Total		<u>\$ 266,208</u>

The above balances are the result of revenues earned in one fund which are due to another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

	<u>Transfers In:</u>
	<u>General</u>
Transfers Out:	
Capital Projects Fund	<u>\$ 48</u>

E. Leases

Capital Leases

The District is leasing building equipment and improvements totaling \$160,000 under a capital lease. The lease is for a term of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building Improvements	<u>\$ 160,000</u>
Total	<u>\$ 160,000</u>

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 34,437
2013	34,437
Total minimum lease payments	68,874
Less: amount representing interest	3,746
Present value of minimum lease payments	<u>\$ 65,128</u>

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2011 are comprised of the following issues:

\$4,515,000, 2009 Refunding Bonds, due in annual installments of \$355,000 to \$440,000 through August 15, 2020, interest at 4.00% to 5.00%	<u>\$4,130,000</u>
---	--------------------

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

<u>Year Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 355,000	\$ 166,150	\$ 521,150
2013	370,000	151,650	521,650
2014	390,000	134,500	524,500
2015	415,000	114,375	529,375
2016	435,000	95,300	530,300
2017-2021	<u>2,165,000</u>	<u>215,100</u>	<u>2,380,100</u>
	<u>\$ 4,130,000</u>	<u>\$ 877,075</u>	<u>\$ 5,007,075</u>

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 82,116,793
Less: Net Debt Issued	<u>(4,130,000)</u>
Remaining Borrowing Power	<u>\$ 77,986,793</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 4,470,000		\$ 340,000	\$ 4,130,000	\$ 355,000
Add:					
Unamortized Premium	247,005		33,514	213,491	
Less:					
Unamortized Amount on Refunding	<u>(94,812)</u>	<u>-</u>	<u>(12,864)</u>	<u>(81,948)</u>	<u>-</u>
	4,622,193	-	360,650	4,261,543	355,000
Capital Leases	129,835		64,707	65,128	31,955
Compensated Absences	<u>258,980</u>	<u>\$ 67,952</u>	<u>93,285</u>	<u>233,647</u>	<u>58,412</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,011,008</u>	<u>\$ 67,952</u>	<u>\$ 518,642</u>	<u>\$ 4,560,318</u>	<u>\$ 445,367</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey 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, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 149,215	\$ 26,619	\$ 200,150	\$ 25,817
2010	131,101	27,684	127,855	49,949
2009	-	25,519	24,353	18,895

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2011	\$ 345,284	\$ 34,241	\$ 7,440
2010	269,484	39,176	281
2009	209,481	37,716	None

During the last three fiscal years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$34,241, \$39,176 and \$37,716 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$903,312 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$727,274, \$735,773 and \$719,517, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 26,912,223		\$ 26,912,223	\$ 26,912,223	
Tuition		\$ 1,400	1,400	1,400	
Transportation Fees	15,000		15,000	14,103	\$ (897)
Interest				26,090	26,090
Interest Earned on Capital Reserve				5,530	5,530
Interest Earned on Maintenance Reserve				1,756	1,756
Miscellaneous	75,000	16,870	91,870	282,365	190,495
Total Local Sources	<u>27,002,223</u>	<u>18,270</u>	<u>27,020,493</u>	<u>27,243,467</u>	<u>222,974</u>
State Sources					
Special Education Aid	270,337		270,337	887,061	616,724
Equalization Aid	616,724		616,724		(616,724)
Extraordinary Aid	375,000		375,000	586,407	211,407
Nonpublic Transportation Aid				29,412	29,412
TPAF Pension Contribution - NCGI (Non-Budget)				34,241	34,241
TPAF - Post Retirement					
Medical Contribution (Non-Budget)				727,274	727,274
TPAF Social Security Contributions (Non-Budget)	-	-	-	903,312	903,312
Total State Sources	<u>1,262,061</u>	<u>-</u>	<u>1,262,061</u>	<u>3,167,707</u>	<u>1,905,646</u>
Total Revenues	<u>28,264,284</u>	<u>18,270</u>	<u>28,282,554</u>	<u>30,411,174</u>	<u>2,128,620</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	383,590	29,050	412,640	412,579	61
Grades 1-5	2,524,995	(106,977)	2,418,018	2,416,068	1,950
Grades 6-8	1,674,693		1,817,743	1,817,024	719
Grades 9-12	3,033,164	(108,404)	2,924,760	2,924,449	311
Regular Programs - Home Instruction					
Salaries of Teachers	8,000	(4,106)	3,894	3,894	
Purchased Professional/Educational Services	5,000	-	5,000	4,928	72
General Supplies	250	-	250		250
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	5,050	1,880	6,930	6,795	135
Purchased Professional/Educational Services	6,525	(3,600)	2,925	2,529	396
Purchased Technical Services	675	-	675	288	387
Other Purchased Services	56,096	5,708	61,804	61,568	236
General Supplies	261,843	(5,673)	256,170	222,587	33,583
Textbooks	151,525	(77,229)	74,296	73,853	443
Other Objects	7,970	7,320	15,290	15,205	85
Total Regular Programs	<u>8,119,376</u>	<u>(118,981)</u>	<u>8,000,395</u>	<u>7,961,767</u>	<u>38,628</u>
Multiple Disabilities					
Salaries of Teachers	205,870	4,575	210,445	210,247	198
Other Salaries for Instruction	75,587	(44,996)	30,591	30,550	41
General Supplies	22,140	(14,910)	7,230	5,599	1,631
Textbooks	6,200	(1,000)	5,200	3,357	1,843
Total Multiple Disabilities	<u>309,797</u>	<u>(56,331)</u>	<u>253,466</u>	<u>249,753</u>	<u>3,713</u>
Resource Room/Resource Center					
Salaries of Teachers	945,060	5,476	950,536	950,535	1
Other Salaries for Instruction	113,575	51,425	165,000	159,937	5,063
General Supplies	7,200	38,423	45,623	45,623	-
Textbooks	4,000	(2,737)	1,263	1,263	-
Total Resource Room/Resource Center	<u>1,069,835</u>	<u>92,587</u>	<u>1,162,422</u>	<u>1,157,358</u>	<u>5,064</u>

NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (Continued)					
CURRENT (Continued)					
Autism					
Salaries of Teachers	\$ 20,090	\$ 19,294	\$ 39,384	\$ 35,297	\$ 4,087
Other Salaries for Instruction	101,876	47,634	149,510	147,646	1,864
General Supplies	1,800	(1,800)	-	-	-
Total Autism	<u>123,766</u>	<u>65,128</u>	<u>188,894</u>	<u>182,943</u>	<u>5,951</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	57,020	4,680	61,700	61,445	255
Other Salaries for Instruction	17,503	2,288	19,791	18,061	1,730
General Supplies	1,800	-	1,800	1,624	176
Total Preschool Disabilities - Part-Time	<u>76,323</u>	<u>6,968</u>	<u>83,291</u>	<u>81,130</u>	<u>2,161</u>
Home Instruction					
Salaries of Teachers	4,000	(4,000)	-	-	-
Purchased Professional Educational Services	4,000	(200)	3,800	3,796	4
Total Home Instruction	<u>8,000</u>	<u>(4,200)</u>	<u>3,800</u>	<u>3,796</u>	<u>4</u>
Total Special Education	<u>1,587,721</u>	<u>104,152</u>	<u>1,691,873</u>	<u>1,674,980</u>	<u>16,893</u>
Basic Skills/Remedial					
Salaries of Teachers	99,230	8,843	108,073	108,050	23
General Supplies	2,700	(2,700)	-	-	-
Total Basic Skills/Remedial	<u>101,930</u>	<u>6,143</u>	<u>108,073</u>	<u>108,050</u>	<u>23</u>
Bilingual Education					
Salaries of Teachers	103,130	6,502	109,632	109,215	417
Other Purchased Services	500	-	500	-	500
General Supplies	3,150	(3,150)	-	-	-
Total Bilingual Education	<u>106,780</u>	<u>3,352</u>	<u>110,132</u>	<u>109,215</u>	<u>917</u>
School Sponsored Co-Curricular Activities					
Salaries	97,871	24,798	122,669	120,113	2,556
Purchased Services	7,950	(1,032)	6,918	6,847	71
Supplies and Materials	6,188	(1,840)	4,348	4,339	9
Other Objects	2,500	(1,359)	1,141	1,140	1
Total School Sponsored Co-Curricular Activities	<u>114,509</u>	<u>20,567</u>	<u>135,076</u>	<u>132,439</u>	<u>2,637</u>
School Sponsored Athletics					
Salaries	301,570	(7,261)	294,309	292,180	2,129
Purchased Services	103,881	(3,128)	100,753	98,698	2,055
Supplies and Materials	38,340	5,000	43,340	42,588	752
Other Objects	7,925	988	8,913	8,834	79
Total School Sponsored Athletics	<u>451,716</u>	<u>(4,401)</u>	<u>447,315</u>	<u>442,300</u>	<u>5,015</u>
Before/After School Programs--Instruction					
Salaries	-	7,955	7,955	7,955	-
Purchased Professional and Technical Services	-	457	457	441	16
Supplies and Materials	-	6,327	6,327	2,637	3,690
Total Before/After School Programs--Instruction	<u>-</u>	<u>14,739</u>	<u>14,739</u>	<u>11,033</u>	<u>3,706</u>
Before/After School Programs--Support Services					
Salaries	-	1,850	1,850	800	1,050
Total Before/After School Programs--Support Services	<u>-</u>	<u>1,850</u>	<u>1,850</u>	<u>800</u>	<u>1,050</u>

NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Alternative Education Program-Instruction					
Salaries		\$ 13,320	\$ 13,320	\$ 13,320	-
Purchased Professional and Technical Services	-	7,200	7,200	5,102	\$ 2,098
Total Alternative Education Programs-Instruction	-	20,520	20,520	18,422	2,098
Total Instruction	\$ 10,482,032	47,941	10,529,973	10,459,006	70,967
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Special	922,511	137,121	1,059,632	1,018,857	40,775
Tuition to County Voc. School Dist.-Regular	402,630	(36,676)	365,954	360,947	5,007
Tuition to County Voc. School Dist.- Special	153,749	(10,437)	143,312	127,378	15,934
Tuition to CSSD & Reg. Day Schools	1,088,646	(572,116)	516,530	516,530	-
Tuition to Priv. Sch. Disabled & Other LEAs- Within State	256,815	570,484	827,299	824,887	2,412
Tuition to Priv. Sch. Disabled & Other LEAs- Outside State	100,217	(37,710)	62,507	58,130	4,377
Total Undistributed Expenditures - Instruction	2,924,568	50,666	2,975,234	2,906,729	68,505
Attendance and Social Work					
Salaries	79,339	24,057	103,396	100,796	2,600
Purchased Professional and Technical Services	27,500	15,213	42,713	28,280	14,433
Other Purchased Services	2,500	1,312	3,812	3,812	-
Supplies and Materials	5,040	(4,025)	1,015	1,015	-
Total Attendance and Social Work	114,379	36,557	150,936	133,903	17,033
Health Services					
Salaries	290,020	4,625	294,645	294,405	240
Purchased Professional and Technical Services	25,250	330	25,580	21,045	4,535
Other Purchased Services	300	-	300	300	-
Supplies and Materials	2,925	(414)	2,511	2,508	3
Other Objects	375	(3)	372	-	372
Total Health Services	318,870	4,538	323,408	317,958	5,450
Other Support Serv. Students - Speech, OT, PT & Related Serv.					
Salaries	228,660	6,359	235,019	234,519	500
Purchased Professional/Educational Services	184,251	(52,456)	131,795	105,919	25,876
Supplies and Materials	2,250	-	2,250	1,520	730
Total Other Supp.Serv. Student - Speech, OT, PT, & Related Serv.	415,161	(46,097)	369,064	341,958	27,106
Other Support Services - Students - Extra Serv.					
Salaries	373,076	32,456	405,532	357,281	48,251
Purchased Professional/Educational Services	290,892	7,886	298,778	206,553	92,225
Total Other Supp.Serv. Student - Extra Serv.	663,968	40,342	704,310	563,834	140,476
Other Support Services - Students - Guidance					
Salaries of Other Professional Staff	351,201	(60,350)	290,851	260,739	30,112
Salaries of Secretarial & Clerical Assistants	45,621	370	45,991	45,991	-
Other Purchased Professional and Technical Svcs.	4,510	(4,160)	350	350	-
Other Purchased Services	800	-	800	-	800
Supplies and Materials	8,865	11,868	20,733	20,657	76
Other Objects	500	760	1,260	1,028	232
Total Other Support Services - Students - Guidance	411,497	(51,512)	359,985	328,765	31,220

NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Other Support Services - Students - Child Study Team					
Salaries of Other Professional Staff	\$ 573,768	\$ 76,458	\$ 650,226	\$ 637,663	\$ 12,563
Salaries of Secretarial & Clerical Assistants	84,242	26,975	111,217	111,215	2
Purchased Professional-Educational Services	69,500	17,594	87,094	70,811	16,283
Other Purchased Professional and Technical Svcs.	11,200	(5,694)	5,506	529	4,977
Supplies and Materials	16,975	-	16,975	16,616	359
Other Objects	2,900	(2,500)	400	-	400
Total Other Support Services - Students - Child Study Team	<u>758,585</u>	<u>115,333</u>	<u>873,918</u>	<u>837,798</u>	<u>36,120</u>
Educational Media/School Library					
Salaries	237,049	60,455	297,504	297,054	450
Salaries of Technology Coordinators	115,933	(2,455)	113,478	105,761	7,717
Purchased Professional and Technical Services	17,200	3,288	20,488	18,108	2,380
Supplies and Materials	38,700	(8,669)	30,031	30,031	-
Other Objects	350	(44)	306	-	306
Total Educational Media/School Library	<u>409,232</u>	<u>52,575</u>	<u>461,807</u>	<u>450,954</u>	<u>10,853</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	18,000	(7,830)	10,170	4,425	5,745
Purchased Professional-Educational Services	3,500	7,011	10,511	9,656	855
Other Purchased Services	6,000	(5,948)	52	52	-
Total Instructional Staff Training Services	<u>27,500</u>	<u>(6,767)</u>	<u>20,733</u>	<u>14,133</u>	<u>6,600</u>
Support Services General Administration					
Salaries	457,910	(24,575)	433,335	428,971	4,364
Legal Services	75,000	(5,507)	69,493	49,548	19,945
Audit Fees	34,000	25,900	59,900	25,300	34,600
Architectural / Engineering Services	15,000	-	15,000	7,775	7,225
Other Purchased Professional Services	28,000	5,507	33,507	33,507	-
Purchased Technical Services	3,000	(2,056)	944	944	-
Communications/Telephone	51,000	(3,100)	47,900	10,984	36,916
BOE Other Purchased Services	6,000	-	6,000	1,121	4,879
Miscellaneous Purchased Services	16,500	2,185	18,685	18,455	230
General Supplies	8,339	(225)	8,114	6,242	1,872
BOE In-House Training/Meeting Supplies	2,000	-	2,000	1,024	976
Judgements Against District	10,000	(1,455)	8,545	-	8,545
Miscellaneous Expenditures	9,750	(3,500)	6,250	5,793	457
BOE Membership Dues and Fees	14,500	-	14,500	13,449	1,051
Total Support Services General Administration	<u>730,999</u>	<u>(6,826)</u>	<u>724,173</u>	<u>603,113</u>	<u>121,060</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog Director	500,054	207,077	707,131	707,131	-
Salaries of Other Professional Staff	230,053	59,944	289,997	289,696	301
Salaries of Secretarial and Clerical Assistants	285,494	21,349	306,843	304,807	2,036
Other Purchased Services	31,645	(6,378)	25,267	21,357	3,910
Supplies and Materials	31,725	(9,625)	22,100	19,748	2,352
Other Objects	13,005	(2,572)	10,433	7,694	2,739
Total Support Services School Administration	<u>1,091,976</u>	<u>269,795</u>	<u>1,361,771</u>	<u>1,350,433</u>	<u>11,338</u>
Undistributed Expenditures - Central Services					
Salaries	316,657	1	316,658	315,162	1,496
Purchased Professional Services	2,000	500	2,500	2,500	-
Purchased Technical Services	25,200	(787)	24,413	16,982	7,431
Misc. Purchased Services	4,200	-	4,200	3,555	645
Supplies and Materials	7,470	386	7,856	5,066	2,790
Miscellaneous Expenditures	1,625	-	1,625	1,425	200
Total Undistributed Expenditures - Central Services	<u>357,152</u>	<u>100</u>	<u>357,252</u>	<u>344,690</u>	<u>12,562</u>

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	\$ 125,806	\$ 9,569	\$ 135,375	\$ 131,874	\$ 3,501
Purchased Professional Services	3,000	-	3,000	3,000	-
Purchased Technical Services	52,295	(64)	52,231	52,231	-
Other Purchased Services	74,633	(8,959)	65,674	65,674	-
Supplies and Materials	67,019	(10,988)	56,031	33,290	22,741
Total Undistributed Expenditures - Admin. Info. Tech.	322,753	(10,442)	312,311	286,069	26,242
Required Maintenance for School Facilities					
Salaries	316,926	(13,672)	303,254	302,598	656
Cleaning, Repair and Maintenance Services	208,100	86,115	294,215	168,686	125,529
General Supplies	61,908	51,171	113,079	106,584	6,495
Total Required Maintenance for School Facilities	586,934	123,614	710,548	577,868	132,680
Custodial Services					
Salaries	965,287	(23,485)	941,802	925,889	15,913
Salaries of Non-Instructional Aides	125,000	(2,455)	122,545	122,540	5
Purchased Professional-Technical Services	25,300	(17,374)	7,926	4,468	3,458
Cleaning, Repair and Maintenance Services	124,300	(21,680)	102,620	90,413	12,207
Other Purchased Property Services	21,000	9,221	30,221	28,594	1,627
Insurance	234,000	(15,794)	218,206	218,186	20
Miscellaneous Purchased Services	3,200	-	3,200	1,498	1,702
General Supplies	83,700	17,952	101,652	96,697	4,955
Energy (Natural Gas)	632,000	(369,161)	262,839	227,028	35,811
Energy (Electricity)	128,000	240,367	368,367	367,278	1,089
Other Objects	500	-	500	350	150
Total Custodial Services	2,342,287	(182,409)	2,159,878	2,082,941	76,937
Care and Upkeep of Grounds					
Salaries	142,605	2,100	144,705	143,514	1,191
Cleaning, Repair and Maintenance Services	55,000	-	55,000	52,561	2,439
Total Care and Upkeep of Grounds	197,605	2,100	199,705	196,075	3,630
Security					
Purchased Professional-Technical Services		57,975	57,975	57,974	1
Cleaning, Repair and Maintenance Services	70,983	(61,883)	9,100	8,850	250
General Supplies	4,000	(4,000)	-	-	-
Other Objects	-	40,683	40,683	40,683	-
Total Security	74,983	32,775	107,758	107,507	251
Student Transportation Services					
Salaries of Non-Instructional Aides	36,115	9,120	45,235	45,235	-
Salaries for Pupil Transportation (Between Home and School) - Regular	47,054	(1,019)	46,035	45,375	660
Salaries for Pupil Transportation (Between Home and School) - Spec. Ed.	61,688	(345)	61,343	55,499	5,844
Salaries for Pupil Transportation (Other Than Between Home and School)	138,353	(7,475)	130,878	112,982	17,896
Other Purchased Professional and Technical Svs.	1,800	-	1,800	810	990
Cleaning, Repair and Maintenance Services	38,000	-	38,000	16,470	21,530
Lease Purchase Payment - School Buses	19,045	-	19,045	-	19,045
Contracted Services (Other Than Between Home and School) - Vendors	8,650	-	8,650	6,101	2,549
Contracted Services (Between Home and School) - Joint Agreement	121,515	-	121,515	63,932	57,583
Contracted Services (Special Ed Students) - Joint Agreement	320,000	(10,099)	309,901	178,131	131,770
Contracted Services - Aid in Lieu of Payments-Nonpublic Schools	110,500	35,041	145,541	137,452	8,089
Miscellaneous Purchased Services-Transportation	7,100	-	7,100	6,700	400
General Supplies	500	228	728	728	-
Transportation Supplies	15,000	(228)	14,772	14,059	713
Other Objects	1,250	-	1,250	750	500
Total Student Transportation Services	926,570	25,223	951,793	683,496	268,297

NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final To Actual
Unallocated Benefits- Employee Benefits					
Group Insurance		\$ 894	\$ 894	\$ 894	-
Social Security Contributions	\$ 295,600	85,000	380,600	368,658	\$ 11,942
Other Retirement Contributions - PERS	252,300	92,985	345,285	345,284	1
Other Retirement Contributions - Regular		7,570	7,570	7,440	130
Unemployment Compensation		149,215	149,215	149,215	-
Workmen's Compensation	97,000	61,618	158,618	158,618	-
Health Benefits	4,420,208	(962,272)	3,457,936	3,338,434	119,502
Tuition Reimbursement	44,900	-	44,900	28,924	15,976
Other Employee Benefits	99,000	41,993	140,993	120,600	20,393
Total Unallocated Benefits	<u>5,209,008</u>	<u>(522,997)</u>	<u>4,686,011</u>	<u>4,518,067</u>	<u>167,944</u>
On-Behalf (Non-Budget)					
TPAF Pension Contribution - NCGI (Non-Budget)				34,241	(34,241)
TPAF - Post Retirement					
Medical Contribution (Non-Budget)				727,274	(727,274)
TPAF Social Security Contributions (Non-Budget)	-	-	-	903,312	(903,312)
Total On-Behalf	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,664,827</u>	<u>(1,664,827)</u>
Total Undistributed Expenditures	<u>17,884,027</u>	<u>(73,432)</u>	<u>17,810,595</u>	<u>18,311,118</u>	<u>(500,523)</u>
Total Current Expenditures	<u>28,366,059</u>	<u>(25,491)</u>	<u>28,340,568</u>	<u>28,770,124</u>	<u>(429,556)</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 1-5	5,900	34,486	40,386	31,090	9,296
Grades 6-8	11,900	15,558	27,458	17,041	10,417
Grades 9-12	36,800	26,456	63,256	63,255	1
Undistributed					
Multiple Disabilities		18,798	18,798	18,299	499
Resource Room		29,123	29,123	24,133	4,990
Requirement Maintenance for School Facilities	18,000	(10,388)	7,612	7,612	-
School Administration	-	3,173	3,173	3,173	-
Total Equipment	<u>72,600</u>	<u>117,206</u>	<u>189,806</u>	<u>164,603</u>	<u>25,203</u>
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		223,500	223,500	131,100	92,400
Construction Services	25,000	91,800	116,800	5,700	111,100
Other Objects	47,265	-	47,265	47,265	-
Total Facilities Acquisition and Construction Services	<u>72,265</u>	<u>315,300</u>	<u>387,565</u>	<u>184,065</u>	<u>203,500</u>
Total Capital Outlay	<u>144,865</u>	<u>432,506</u>	<u>577,371</u>	<u>348,668</u>	<u>228,703</u>
Transfer of Funds to Charter School	<u>8,988</u>	<u>-</u>	<u>8,988</u>	<u>-</u>	<u>8,988</u>
Total General Fund	<u>28,519,912</u>	<u>407,015</u>	<u>28,926,927</u>	<u>29,118,792</u>	<u>(191,865)</u>
-					
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(255,628)</u>	<u>(388,745)</u>	<u>(644,373)</u>	<u>1,292,382</u>	<u>1,936,755</u>
Other Financing Sources (Uses)					
Transfer In - Capital Projects	-	-	-	48	48
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>48</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(255,628)</u>	<u>(388,745)</u>	<u>(644,373)</u>	<u>1,292,430</u>	<u>1,936,803</u>
Fund Balance, Beginning of Year	<u>2,277,249</u>	<u>-</u>	<u>2,277,249</u>	<u>2,277,249</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,021,621</u>	<u>\$ (388,745)</u>	<u>1,632,876</u>	<u>3,569,679</u>	<u>\$ 1,936,803</u>

NEW MILFORD BOARD OF EDUCATION
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT C-1

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>		<u>Actual</u>	<u>Variance Final To Actual</u>
Reconciliation of Governmental Funds Statements (GAAP)						
Restricted Fund Balance						
Capital Reserve					\$ 1,032,089	
Maintenance Reserve					501,333	
Emergency Reserve					285,199	
Reserved Excess Surplus					366,087	
Committed Fund Balance						
Year End Encumbrances					327,900	
Assigned Fund Balance						
Year End Encumbrances					267,173	
Unassigned Fund Balance					<u>789,898</u>	
Fund Balance- Budgetary Basis					1,384,971	
Less: State Aid Revenue not recognized on GAAP basis					<u>(586,407)</u>	
Fund Balance per Governmental Funds Statements (GAAP)					<u>\$ 798,564</u>	

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

**GENERAL FUND
EDUCATION JOBS FUND PROGRAM
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

**NEW MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 639,524	\$ (139,445)	\$ 500,079	\$ 375,656	\$ 124,423
Federal	720,181	423,231	1,143,412	981,822	161,590
Local	-	7,500	7,500	7,500	-
Total Revenues	<u>1,359,705</u>	<u>291,286</u>	<u>1,650,991</u>	<u>1,364,978</u>	<u>286,013</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		135,223	135,223	131,440	3,783
Purchased Professional/Technical Services	467,382	(51,052)	416,330	283,815	132,515
Other Purchased Services	791,746	(321,924)	469,822	463,487	6,335
General Supplies	60,347	187,698	248,045	137,163	110,882
Textbooks		46,332	46,332	43,665	2,667
Other Objects	-	277	277	-	277
Total Instruction	<u>1,319,475</u>	<u>(3,446)</u>	<u>1,316,029</u>	<u>1,059,570</u>	<u>256,459</u>
Support Services					
Salaries of Teachers		3,000	3,000	3,000	-
Purchased Professional/Technical Services		157,115	157,115	154,248	2,867
Other Purchased Services		44,729	44,729	24,397	20,332
Supplies and Materials	-	30,723	30,723	24,902	5,821
Total Support Services	<u>-</u>	<u>235,567</u>	<u>235,567</u>	<u>206,547</u>	<u>29,020</u>
Student Transportation Services					
Contracted Services	-	20,189	20,189	20,189	-
Unallocated Benefits					
Employee Benefits	-	33,755	33,755	33,664	91
Facilities Acquisition and Equipment					
Instructional Equipment	40,230	5,221	45,451	45,008	443
Total Facilities Acquisition and Equipment	<u>40,230</u>	<u>5,221</u>	<u>45,451</u>	<u>45,008</u>	<u>443</u>
Total Expenditures	<u>1,359,705</u>	<u>291,286</u>	<u>1,650,991</u>	<u>1,364,978</u>	<u>286,013</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW MILFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds 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.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 30,411,174	\$ 1,364,978
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances June 30, 2011		(14,097)
Encumbrances June 30, 2010, net of cancellations		28,966
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements. 2009/2010 State Aid	706,716	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements. 2010/2011 State Aid	<u>(586,407)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 30,531,483</u>	<u>\$ 1,379,847</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 29,118,792	\$ 1,364,978
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances June 30, 2011		(14,097)
Encumbrances June 30, 2010, net of cancellations	<u>-</u>	<u>28,996</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 29,118,792</u>	<u>\$ 1,379,877</u>

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

NEW MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Character Ed	Ch. 192 Svcs.										Ch. 193 Svcs.		Grand Total Page 2 2011
	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Compensatory Education	Nonpublic ESL	Nonpublic Transport.	Home Instruction	Nonpublic Supplemental Instruction	Nonpublic Exam./ Classification.	Nonpublic Corrective Speech	Total	Total		
\$	20	\$ 51,456	\$ 41,326	\$ 107,840	\$ 11,783	\$ 20,189	\$ 694	\$ 41,898	\$ 57,735	\$ 42,715	\$ 981,822	\$ 375,656	
	-	-	-	-	-	-	-	-	-	-	7,500	981,822	
\$	20	\$ 51,456	\$ 41,326	\$ 107,840	\$ 11,783	\$ 20,189	\$ 694	\$ 41,898	\$ 57,735	\$ 42,715	\$ 989,322	\$ 1,364,978	
EXPENDITURES													
Instruction													
Salaries of Teachers													
				\$ 107,840	\$ 11,783		\$	\$ 41,898	\$ 57,735	\$ 42,715	\$ 131,440	\$ 131,440	
		\$ 51,456				\$ 694					21,844	283,815	
	20										411,337	463,487	
	-		\$ 41,326								137,143	137,163	
	-										2,339	43,665	
	20	\$ 51,456	\$ 41,326	\$ 107,840	\$ 11,783		\$ 694	\$ 41,898	\$ 57,735	\$ 42,715	\$ 704,103	\$ 1,059,570	
Support Services													
Salary of Teachers													
											3,000	3,000	
											33,664	33,664	
											154,248	154,248	
											24,397	24,397	
						\$ 20,189					24,902	20,189	
											24,902	24,902	
						20,189					240,211	260,400	
Facilities Acquisition and Equipment													
											45,008	45,008	
											45,008	45,008	
\$	20	\$ 51,456	\$ 41,326	\$ 107,840	\$ 11,783	\$ 20,189	\$ 694	\$ 41,898	\$ 57,735	\$ 42,715	\$ 989,322	\$ 1,364,978	

(Continued)

**NEW MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Title I	Title II.A	Title IV	IDEA Part B-Basic	IDEA Part B Preschool	ARRA Title I	IDEA ARRA Basic	IDEA ARRA Preschool	Title III	NJEA Pride	Total
REVENUES											
Intergovernmental											
State											
Federal	\$ 72,479	\$ 64,198	\$ 1,911	\$ 554,242	\$ 32,293	\$ 1,397	\$ 223,272	\$ 8,801	\$ 23,229	\$ 7,500	\$ 981,822
Local Sources											
	\$ 72,479	\$ 64,198	\$ 1,911	\$ 554,242	\$ 32,293	\$ 1,397	\$ 223,272	\$ 8,801	\$ 23,229	\$ 7,500	\$ 989,322
EXPENDITURES											
Instruction											
Salaries of Teachers	\$ 50,000				\$ 21,844		\$ 81,440				\$ 131,440
Purchased Professional & Technical Services	4,000	\$ 2,130		\$ 400,755		\$ 1,397			\$ 3,055		411,337
Other Purchased Services	7,530	5,912	\$ 411		10,449		91,797	5,628	15,416		137,143
General Supplies									1,816		2,339
Textbooks	523										
Other Objects											
Total Instruction	62,053	8,042	411	400,755	32,293	1,397	173,237	5,628	20,287		704,103
Support Services											
Salaries of Teachers		3,000									3,000
Salaries of Secretaries & Clerical Assistants							23,694				33,664
Personal Services Employee-Benefits	9,970			153,487			761				154,248
Purchased Professional & Technical Services		21,203	1,500				1,402		292		24,397
Other Purchased Services											
Contracted Services-Transportation	456	14,296							2,650	7,500	24,902
Supplies and Materials											
Total Support Services	10,426	38,499	1,500	153,487			25,857		2,942	7,500	240,211
Facilities Acquisition											
Instructional Equipment		17,657					24,178	3,173			45,008
Total Facilities Acquisition and Equipment		17,657					24,178	3,173			45,008
Total Expenditures	\$ 72,479	\$ 64,198	\$ 1,911	\$ 554,242	\$ 32,293	\$ 1,397	\$ 223,272	\$ 8,801	\$ 23,229	\$ 7,500	\$ 989,322

**NEW MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

CAPITAL PROJECTS FUND

EXHIBIT F-1

NEW MILFORD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue/ Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2010</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Construction of Additions and Renovations to Berkeley and Gibbs Schools	\$ 10,699,490	\$ 10,693,840	\$ -	\$ 5,650
Roof, Boiler and Ceiling Replacement at High School	1,121,218	1,116,954	-	4,264
Installation of Fiber Optic Wiring	184,942	184,942	-	-
Roof Replacement Project at B.F. Gibbs Elementary School	286,715	280,631	-	6,084
Roof Replacement Project at Berkley Street Elementary School	504,568	467,732	-	36,836
	<u>\$ 12,796,933</u>	<u>\$ 12,744,099</u>	<u>\$ -</u>	<u>\$ 52,834</u>
Reconciliation to GAAP Basis				
Project Balance, June 30, 2011				<u>\$ 52,834</u>
Fund Balance, June 30, 2011 GAAP Basis				<u>\$ 52,834</u>

**NEW MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues and Other Financing Sources

Interest on Investments	\$ <u>48</u>
 Total Revenues and Other Financing Sources	 <u>48</u>

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	
Construction Services	
Miscellaneous Expenditures	
Transfers to General Fund	48
Cancellation of Grant Receivable - Budgetary Basis	<u>23,480</u>
 Total Expenditures and Other Financing Uses	 <u>23,528</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(23,480)
--	----------

Fund Balance- Beginning of Year	<u>76,314</u>
---------------------------------	---------------

Fund Balance- Ending of Year	<u>\$ 52,834</u>
------------------------------	------------------

Reconciliation to GAAP Basis

Fund Balance, June 30, 2011 - Budgetary Basis / GAAP Basis	<u>\$ 52,834</u>
--	------------------

NEW MILFORD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
 ADDITIONS AND RENOVATIONS TO BERKELEY AND GIBBS SCHOOLS
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 3,909,490	\$ -	\$ 3,909,490	\$ 3,909,490
Bond Proceeds	6,790,000	-	6,790,000	6,790,000
Total Revenues and Other Financing Sources	<u>10,699,490</u>	<u>-</u>	<u>10,699,490</u>	<u>10,699,490</u>
Expenditures and Other Financing Uses				
Legal Services				7,859
Purchased Professional and Technical Services	21,863		21,863	50,220
Supplies and Materials	41,687		41,687	
Construction Services	62,577		62,577	38,411
Unallocated	10,567,713	-	10,567,713	10,603,000
Total Expenditures and Other Financing Uses	<u>10,693,840</u>	<u>-</u>	<u>10,693,840</u>	<u>10,699,490</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 5,650</u>	<u>\$ -</u>	<u>\$ 5,650</u>	<u>\$ -</u>

NEW MILFORD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
 ROOF, BOILER AND CEILING REPLACEMENT - HIGH SCHOOL
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Cancelled</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources- SDA Grant	\$ 394,560	\$ (181)		\$ 394,379	\$ 394,379
Transfers from Capital Reserve	591,839			591,839	591,839
Transfers from Capital Outlay	135,000	-		135,000	135,000
	<u>1,121,399</u>	<u>-</u>	<u>(181)</u>	<u>1,121,218</u>	<u>1,121,218</u>
Total Revenues and Other Financing Sources					
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	62,130			62,130	62,234
Construction Services	1,054,824	-		1,054,824	1,058,984
	<u>1,116,954</u>	<u>-</u>		<u>1,116,954</u>	<u>1,121,218</u>
Total Expenditures and Other Financing Uses					
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 4,445</u>	<u>\$ -</u>	<u>\$ (181)</u>	<u>\$ 4,264</u>	<u>\$ -</u>

NEW MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
FIBER OPTIC NETWORK PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Cancelled</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
Capital Lease Proceeds	\$ 185,000	-	(58)	\$ 184,942	\$ 184,942
Total Revenues and Other Financing Sources	<u>185,000</u>	<u>-</u>	<u>(58)</u>	<u>184,942</u>	<u>184,942</u>
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	184,942	-	-	184,942	184,942
Construction Services	184,942	-	-	184,942	184,942
Total Expenditures and Other Financing Uses	<u>184,942</u>	<u>-</u>	<u>-</u>	<u>184,942</u>	<u>184,942</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ (58)</u>	<u>\$ -</u>	<u>\$ -</u>

NEW MILFORD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
 ROOF REPLACEMENT PROJECT AT B.F.GIBBS ELEMENTARY SCHOOL
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Cancelled</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources- SDA Grant	\$ 87,267	\$ (2,628)	\$	\$ 84,639	\$ 84,639
Transfers from Capital Reserve	202,076	-	-	202,076	202,076
Total Revenues and Other Financing Sources	289,343	-	(2,628)	286,715	286,715
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	23,460			23,460	23,460
Construction Services	255,494			255,494	255,494
Other Objects	1,677			1,677	7,761
Total Expenditures and Other Financing Uses	280,631	-	-	280,631	286,715

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses

\$ 8,712	\$ -	\$ (2,628)	\$ 6,084	\$ -
----------	------	------------	----------	------

Additional Project Information:

SDA Project Number	3550-070-09-OKAR
SDA Grant Date	G5-2965
Grant Date	5/1/09
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 218,169
Additional Authorized Cost	\$ 68,546
Revised Authorized Cost	\$ 286,715

Percentage Increase Over Original Authorized Cost	31.42%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

NEW MILFORD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
 ROOF REPLACEMENT PROJECT AT BERKLEY STREET ELEMENTARY SCHOOL
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Cancelled</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources- SDA Grant	\$ 210,168	\$ (20,852)		\$ 189,316	\$ 189,316
Transfers from Capital Reserve	315,252	-		315,252	315,252
Total Revenues and Other Financing Sources	<u>525,420</u>	<u>-</u>	<u>(20,852)</u>	<u>504,568</u>	<u>504,568</u>
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	55,719			55,719	55,720
Construction Services	411,000			411,000	435,000
Other Object	1,013			1,013	13,848
Total Expenditures and Other Financing Uses	<u>467,732</u>	<u>-</u>	<u>-</u>	<u>467,732</u>	<u>504,568</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 57,688</u>	<u>\$ -</u>	<u>\$ (20,852)</u>	<u>\$ 36,836</u>	<u>\$ -</u>

Additional Project Information:

SDA Project Number	3550-070-09-OKAQ
SDA Grant Date	G5-2964
Grant Date	5/1/09
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 724,420
Reduced Authorized Cost	\$ (219,852)
Revised Authorized Cost	\$ 504,568

Percentage Decrease Under Original Authorized Cost	30.35%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

**NEW MILFORD BOARD OF EDUCATION
 ENTERPRISE FUNDS - NON-MAJOR
 STATEMENT OF NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Non-Major Enterprise Fund Broadway Kids Program
ASSETS	
Cash and Cash Equivalents	\$ 4,821
Total Assets	<u>4,821</u>
LIABILITIES	
Current Liabilities	
Accrued Salaries and Wages	566
Unearned Revenue	<u>4,300</u>
Total Liabilities	<u>4,866</u>
NET ASSETS (DEFICIT)	
Unrestricted	<u>(45)</u>
Total Net Assets (Deficit)	<u>\$ 4,821</u>

**NEW MILFORD BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Non-Major Enterprise Fund Broadway Kids Program
OPERATING REVENUES	
Charges for Services	
Program Fees	\$ 6,640
Total Operating Revenues	<u>6,640</u>
OPERATING EXPENSES	
Salaries and Wages	4,213
Supplies and Materials	<u>2,472</u>
Total Operating Expenses	<u>6,685</u>
Operating (Loss)	<u>(45)</u>
Total Net Assets, Beginning of Year	<u>-</u>
Total Net Assets (Deficit), End of Year	<u>\$ (45)</u>

**NEW MILFORD BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Non-Major Enterprise Fund Broadway Kids Program
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 10,940
Cash Payments for Employees	
Salaries & Benefits	(3,647)
Cash Payments to Suppliers for Goods and Services	<u>(2,472)</u>
Net Cash Provided by Operating Activities	<u>4,821</u>
Net Increase in Cash and Cash Equivalents	4,821
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,821</u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (Loss)	<u>\$ (45)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities	
Increase/(Decrease) in Accrued Salaries and Wages	566
Increase/(Decrease) in Unearned Revenue	<u>4,300</u>
Total Adjustments	<u>4,866</u>
Net Cash Provided by Operating Activities	<u>\$ 4,821</u>

FIDUCIARY FUNDS

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 145,413	\$ 205,417	\$ 350,830
Total Assets	<u>\$ 145,413</u>	<u>\$ 205,417</u>	<u>\$ 350,830</u>
LIABILITIES			
Employee Deposits Payable		\$ 203,731	\$ 203,731
Payroll Deductions and Withholdings		131	131
Due to Student Groups	\$ 145,413		145,413
Due to Other Funds	<u>-</u>	<u>1,555</u>	<u>1,555</u>
Total Liabilities	<u>\$ 145,413</u>	<u>\$ 205,417</u>	<u>\$ 350,830</u>

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance, July 1, <u>2010</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, June 30, <u>2011</u>
ELEMENTARY SCHOOLS	\$ 23,421	\$ 2,410	\$ 17,504	\$ 8,327
BERKLEY SCHOOL	9,353	3,455	2,957	9,851
MIDDLE SCHOOL	23,153	57,822	55,620	25,355
HIGH SCHOOL				
Activity Account	73,596	236,903	207,720	102,779
Athletic Account	<u>48</u>	<u>67,445</u>	<u>68,392</u>	<u>(899)</u>
Total All Schools	<u>\$ 129,571</u>	<u>\$ 368,035</u>	<u>\$ 352,193</u>	<u>\$ 145,413</u>

NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance, July 1, <u>2010</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, June 30, <u>2011</u>
ASSETS				
Cash	\$ 186,265	\$ 18,244,392	\$ 18,225,240	\$ 205,417
Total Assets	<u>\$ 186,265</u>	<u>\$ 18,244,392</u>	<u>\$ 18,225,240</u>	<u>\$ 205,417</u>
LIABILITIES				
Employee Deposits Payable	\$ 186,036	\$ 203,897	\$ 186,202	\$ 203,731
Accrued Salaries and Wages		11,145,792	11,145,792	
Payroll Deductions and Withholdings	131	6,891,758	6,891,758	131
Due to Other Funds	<u>98</u>	<u>2,945</u>	<u>1,488</u>	<u>1,555</u>
Total Liabilities	<u>\$ 186,265</u>	<u>\$ 18,244,392</u>	<u>\$ 18,225,240</u>	<u>\$ 205,417</u>

LONG-TERM DEBT

EXHIBIT I-1

NEW MILFORD BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Decreased</u>	<u>Balance, June 30, 2011</u>
Refunding Bonds	4/15/2009	\$ 4,515,000	8/15/2011	\$ 355,000	4.00%				
			8/15/2012	370,000	4.00%				
			8/15/2013	390,000	5.00%				
			8/15/2014	415,000	5.00%				
			8/15/2015	435,000	4.00%				
			8/15/2016	440,000	4.00%				
			8/15/2017	435,000	4.00%				
			8/15/2018	435,000	4.00%				
			8/15/2019	430,000	4.00%				
			8/15/2020	425,000	4.00%				
						\$ 4,470,000	-	\$ 340,000	\$ 4,130,000
						\$ 4,470,000	\$ -	\$ 340,000	\$ 4,130,000

EXHIBIT I-2

NEW MILFORD BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
2007 Wireless LAN and Physical Security	4.24%	\$ 163,000	\$ 33,924	\$	33,924	\$ 33,924
2008 Wireless LAN and Physical Security	3.81%	160,000	95,911	-	30,783	\$ 65,128
			\$ 129,835	\$ -	\$ 64,707	\$ 65,128

NEW MILFORD BOARD OF EDUCATION
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources	\$ 520,050	-	\$ 520,050	\$ 520,050	-
Property Taxes					
Total Revenues	520,050	-	520,050	520,050	-
EXPENDITURES					
Regular Debt Service	340,000		340,000	340,000	
Principal	180,050		180,050	180,050	
Interest on Bonds					
Total Expenditures	520,050	-	520,050	520,050	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	32,288	-	32,288	32,288	-
Fund Balance, End of Year	\$ 32,288	\$ -	\$ 32,288	\$ 32,288	\$ -
Recapitulation of Fund Balance					
Restricted for Debt Service:					
Designated for Subsequent Years Expenditures				\$ 32,288	

STATISTICAL SECTION

This part of the New Milford Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government'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 government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government 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 for the relevant year.

NEW MILFORD BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fiscal Year Ending June 30,									
Governmental Activities									
Invested In Capital Assets, Net Of Related Debt	\$ 13,141,433	\$ 13,642,250	\$ 13,884,957	\$ 14,675,510	\$ 14,749,804	\$ 15,173,707	\$ 15,904,051	\$ 16,637,735	\$ 16,893,388
Restricted	693,396	606,976	966,309	533,065	755,976	776,832	676,420	1,003,566	1,612,894
Unrestricted	1,022,445	1,173,744	1,074,217	1,409,853	894,872	1,024,198	660,376	312,264	1,149,166
Total Governmental Activities Net Assets	\$ 14,857,274	\$ 15,422,970	\$ 15,925,483	\$ 16,618,428	\$ 16,400,652	\$ 16,974,737	\$ 17,240,847	\$ 17,953,565	\$ 19,655,448
Business-Type Activities									
Invested In Capital Assets, Net Of Related Debt	\$ 19,059	\$ 11,931	\$ 5,739				\$ 100,010	\$ 98,757	\$ 91,207
Restricted	89,571	91,878	142,949	227,299	299,124	353,580	304,597	324,040	410,103
Unrestricted	108,630	103,809	148,688	227,299	299,124	353,580	404,607	422,797	501,310
Total Business-Type Activities Net Assets	\$ 19,059	\$ 11,931	\$ 5,739	\$ 227,299	\$ 299,124	\$ 353,580	\$ 404,607	\$ 422,797	\$ 501,310
District-Wide									
Invested In Capital Assets, Net Of Related Debt	\$ 13,160,492	\$ 13,654,181	\$ 13,890,696	\$ 14,675,510	\$ 14,749,804	\$ 15,173,707	\$ 16,004,061	\$ 16,736,492	\$ 16,984,595
Restricted	693,396	606,976	966,309	533,065	755,976	776,832	676,420	1,003,566	1,612,894
Unrestricted	1,112,016	1,265,622	1,217,166	1,637,152	1,193,996	1,377,778	964,973	636,304	1,559,269
Total District Net Assets	\$ 14,965,904	\$ 15,526,779	\$ 16,074,171	\$ 16,845,727	\$ 16,699,776	\$ 17,328,317	\$ 17,645,454	\$ 18,376,362	\$ 20,156,758

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

NEW MILFORD BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 9,231,251	\$ 10,041,241	\$ 10,653,077	\$ 10,536,512	\$ 11,463,472	\$ 11,774,632	\$ 11,471,290	\$ 12,015,579	\$ 11,559,201
Special Education	3,345,465	3,118,786	3,237,402	3,754,479	4,578,259	4,789,501	4,938,486	5,695,645	5,497,116
Other Instruction	562,436	565,378	659,901	203,526	224,748	347,005	342,508	293,040	306,805
School Sponsored Activities and Athletics	447,285	481,678	506,264	686,965	667,662	745,705	770,039	804,498	778,712
Community Services	6,494	8,696	3,022	5,504					
Support Services:									
Student & Instruction Related Services	2,948,659	3,214,790	2,984,242	3,357,272	3,581,291	3,829,465	4,022,122	4,391,407	4,114,083
General Administration Services	694,644	712,232	710,083	744,045	933,430	908,734	892,531	703,105	824,124
School Administrative Services	1,443,790	1,600,849	1,446,048	1,769,500	1,690,128	1,863,044	1,743,640	1,864,842	1,850,285
Central and Other Support Services	338,629	510,241	599,905	683,325	831,459	885,760	857,042	776,411	840,299
Plant Operations and Maintenance	2,997,718	3,034,958	3,170,581	3,542,797	4,327,593	3,739,558	3,782,844	4,069,459	3,971,247
Pupil Transportation	669,044	760,068	763,172	825,499	803,672	893,246	866,951	844,057	865,280
Interest On Long-Term Debt	364,790	220,342	291,205	274,283	268,206	251,699	177,530	176,275	158,376
Total Governmental Activities Expenses	23,050,205	24,269,259	25,024,902	26,383,707	29,369,920	30,028,349	29,864,983	31,634,318	30,765,528
Business-Type Activities:									
Food Service	551,391	526,024	525,907	579,269	679,209	675,807	657,634	676,803	640,819
Latch Key Program	194,521	212,375	210,101	210,070	212,970	263,256	260,333	272,386	286,257
Summer Enrichment Program									6,685
Total Business-Type Activities Expense	745,912	738,399	736,008	789,339	892,179	939,063	917,967	949,189	933,761
Total District Expenses	\$ 23,796,117	\$ 25,007,658	\$ 25,760,910	\$ 27,173,046	\$ 30,262,099	\$ 30,967,412	\$ 30,782,950	\$ 32,583,507	\$ 31,699,289
Program Revenues									
Governmental Activities:									
Charges For Services:									
Special Education	\$ 58,081	\$ 80,618	\$ 51,164	\$ 27,601	\$ 7,549	\$ 4,056		\$ 67,608	\$ 1,400
Pupil Transportation	29,573	5,175	7,320	7,907	4,503	12,376	\$ 14,718	6,726	14,103
Central and Other Support Services									
Operating Grants And Contributions	3,920,925	4,434,647	4,646,862	4,850,873	5,939,876	6,383,823	4,720,961	5,402,818	4,601,143
Capital Grants And Contributions	2,715,284	183,382	142,366	277,189	9,150	131,690	25,315	259,062	80,991
Total Governmental Activities Program Revenues	6,723,863	4,703,822	4,847,712	5,163,570	5,961,078	6,531,945	4,760,994	5,736,214	4,697,637
Business-Type Activities:									
Charges For Services:									
Food Service	479,939	438,863	459,694	508,653	557,026	542,076	540,285	537,720	542,826
Latch Key Program	194,948	217,262	229,962	265,330	310,044	337,000	316,404	300,427	317,699
Non-Major Enterprise Funds									6,640
Operating Grants And Contributions	70,717	77,453	91,231	91,867	91,964	111,241	111,575	128,535	144,535
Capital Grants And Contributions									
Total Business Type Activities Program Revenues	745,604	733,578	780,887	865,850	959,034	990,317	968,264	966,682	1,011,700
Total District Program Revenues	\$ 7,469,467	\$ 5,437,400	\$ 5,628,599	\$ 6,029,420	\$ 6,920,112	\$ 7,522,262	\$ 5,729,258	\$ 6,702,896	\$ 5,709,337
Net (Expense)/Revenue									
Governmental Activities	\$ (16,326,342)	\$ (19,565,437)	\$ (20,177,190)	\$ (21,220,137)	\$ (23,408,842)	\$ (23,496,404)	\$ (25,103,989)	\$ (25,898,104)	\$ (26,067,891)
Business-Type Activities	(308)	(4,821)	44,879	76,511	66,855	51,254	50,297	17,493	77,939
Total District-Wide Net Expense	\$ (16,326,650)	\$ (19,570,258)	\$ (20,132,311)	\$ (21,143,626)	\$ (23,341,987)	\$ (23,445,150)	\$ (25,053,692)	\$ (25,880,611)	\$ (25,989,952)
General Revenues And Other Changes In Net Assets									
Governmental Activities:									
Property Taxes Levied For General Purposes	\$ 18,513,226	\$ 19,110,377	\$ 19,853,888	\$ 20,939,143	\$ 22,156,722	\$ 23,042,991	\$ 24,033,738	\$ 25,565,634	\$ 26,912,223
Property Taxes Levied For Debt Service	499,485	533,500	532,781	536,350	539,088	541,150	542,538	543,250	520,050
State Aid, Unrestricted		209,985	267,210	270,656	268,935	325,129	537,960	328,720	21,712
Investment Earnings	127,586	37,206	57,286	103,781	167,002	138,346	49,482	31,999	33,424
Miscellaneous Income	154,089	205,648	60,723	63,152	59,319	22,873	206,381	141,219	282,365
Donated Capital Assets		2,175							
Loss On Disposal Of Capital Assets	28,848	(42,239)	(92,185)	-	-	-	-	-	-
Total Governmental Activities	19,323,234	20,056,652	20,679,703	21,913,082	23,191,066	24,070,489	25,370,099	26,610,822	27,769,774

NEW MILFORD BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-Type Activities:									
Investment Earnings				\$ 2,100	\$ 4,970	\$ 3,202	\$ 730	\$ 697	\$ 574
Transfers	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	2,100	4,970	3,202	730	697	574
Total District-Wide	<u>\$ 19,323,234</u>	<u>\$ 20,056,652</u>	<u>\$ 20,679,703</u>	<u>\$ 21,915,182</u>	<u>\$ 23,196,036</u>	<u>\$ 24,073,691</u>	<u>\$ 25,370,829</u>	<u>\$ 26,611,519</u>	<u>\$ 27,770,348</u>
Change In Net Assets									
Governmental Activities	\$ 2,996,892	\$ 491,215	\$ 502,513	\$ 692,945	\$ (217,776)	\$ 574,085	\$ 266,110	\$ 712,718	\$ 1,701,883
Business-Type Activities	(308)	(4,821)	44,879	78,611	71,825	54,456	51,027	18,190	78,513
Total District	<u>\$ 2,996,584</u>	<u>\$ 486,394</u>	<u>\$ 547,392</u>	<u>\$ 771,556</u>	<u>\$ (145,951)</u>	<u>\$ 628,541</u>	<u>\$ 317,137</u>	<u>\$ 730,908</u>	<u>\$ 1,780,396</u>

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

NEW MILFORD BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 858,723	\$ 1,103,724	\$ 1,418,336	\$ 2,150,386	\$ 1,697,939	\$ 1,209,350	\$ 601,835	\$ 1,488,108	
Unreserved	1,513,452	1,227,967	734,841	234,403	325,352	812,623	573,947	82,425	
Restricted									\$ 2,184,708
Committed									327,900
Assigned									267,173
Unassigned									203,491
Total General Fund	\$ 2,372,175	\$ 2,331,691	\$ 2,153,177	\$ 2,384,789	\$ 2,023,291	\$ 2,021,973	\$ 1,175,782	\$ 1,570,533	\$ 2,983,272
All Other Governmental Funds									
Reserved	\$ 16,400	\$ 70,058	\$ 349,126	\$ 79,159	\$ 31,030	\$ 5,565	\$ 746,473		
Unreserved	111,625	58,585	129,602	(5,666)	3,825	3,112	(262,205)	\$ 82,899	
Restricted									\$ 85,122
Committed									
Assigned									
Unassigned									
Total All Other Governmental Funds	\$ 128,025	\$ 128,643	\$ 478,728	\$ 73,493	\$ 34,855	\$ 8,677	\$ 484,268	\$ 82,899	\$ 85,122

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

NEW MILFORD BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

Fiscal Year Ending June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Property Tax Levy	\$ 19,012,711	\$ 19,643,877	\$ 20,386,669	\$ 21,475,493	\$ 22,695,810	\$ 23,584,141	\$ 24,576,276	\$ 26,108,884	\$ 27,432,273
Tuition Charges	58,081	80,618	51,164	27,601	7,549	4,056		67,608	1,400
Transportation Fees	29,573	5,175	7,320	7,907	4,503	12,376	14,718	6,726	14,103
Interest Earnings	127,586	37,206	57,286	103,781	167,002	138,346	49,482	31,999	33,424
Miscellaneous	154,089	205,648	60,723	63,152	59,319	50,071	213,206	148,719	289,865
State Sources	6,130,928	4,253,713	4,434,794	4,760,585	5,321,320	5,472,445	4,400,708	4,824,655	3,665,601
Federal Sources	505,281	574,301	621,644	625,908	896,641	1,209,309	876,703	1,145,800	996,985
Total Revenue	26,018,249	24,800,538	25,619,600	27,064,427	29,152,144	30,470,744	30,131,093	32,334,391	32,433,651
Expenditures									
Instruction									
Regular Instruction	9,154,968	10,161,273	10,675,083	10,535,109	11,462,250	11,761,369	11,394,331	11,990,404	11,560,991
Special Education Instruction	3,337,197	3,144,317	3,235,149	3,755,013	4,579,301	4,789,960	4,922,427	5,683,701	5,504,110
Other Instruction	559,963	581,147	660,752	205,590	224,748	347,005	342,508	293,040	306,805
School Sponsored Activities And Athletics	444,400	480,253	504,794	685,460	666,075	743,463	767,565	801,972	776,169
Community Services	6,494	8,696	3,022	5,504					
Support Services:									
Student & Inst. Related Services	2,926,299	3,226,680	2,994,668	3,345,114	3,574,469	3,824,579	4,004,599	4,398,833	4,118,330
General Administration	1,413,300	1,573,324	707,685	743,804	933,712	908,307	862,727	728,804	815,071
School Administrative Services	684,929	707,203	1,421,785	1,774,891	1,687,636	1,826,994	1,754,541	1,840,202	1,843,779
Central and Other Support Services	332,426	488,928	590,637	678,972	828,882	883,689	816,963	724,482	803,498
Plant Operations And Maintenance	2,739,351	2,725,175	2,818,006	3,229,565	3,991,081	3,373,622	3,390,526	3,663,025	3,544,301
Pupil Transportation	688,735	744,739	782,800	790,711	766,947	854,025	838,796	815,313	809,375
Capital Outlay	8,440,616	492,721	1,080,867	1,080,534	344,041	695,888	723,958	757,372	346,411
Debt Service:									
Principal	225,000	240,000	250,000	402,858	381,327	390,970	441,856	488,564	404,707
Interest And Other Charges	303,672	293,500	282,781	277,452	274,811	258,369	240,896	155,297	185,142
Payment to Escrow Agent							108,614		
Cost of Issuance							89,348		
Total Expenditures	31,257,350	24,867,956	25,448,029	27,510,577	29,715,280	30,658,240	30,699,655	32,341,009	31,018,689
Excess (Deficiency) Of Revenues									
Over (Under) Expenditures	(5,239,101)	(67,418)	171,571	(446,150)	(563,136)	(187,496)	(568,562)	(6,618)	1,414,962
Other Financing Sources (Uses)									
Premium On Notes	28,848								
Capital Leases (Non-Budgeted)		69,985		272,527	163,000	160,000			
Capital Leases Refunded		(42,433)							
Refunding Bond Proceeds							4,515,000		
Premium on Refunding Bonds							282,962		
Payments To Escrow Agent							(4,600,000)		
Transfers In	162,648	59,900	598,930	150,364	3,809	753	517,567	4,925	48
Transfers Out	(162,648)	(59,900)	(598,930)	(150,364)	(3,809)	(753)	(517,567)	(4,925)	(48)
Total Other Financing Sources (Uses)	28,848	27,552	-	272,527	163,000	160,000	197,962	-	-
Net Change In Fund Balances	\$ (5,210,253)	\$ (39,866)	\$ 171,571	\$ (173,623)	\$ (400,136)	\$ (27,496)	\$ (370,600)	\$ (6,618)	\$ 1,414,962
Debt Service As A Percentage Of									
Noncapital Expenditures	2.32%	2.19%	2.14%	2.57%	2.23%	2.17%	2.28%	2.04%	1.92%

* Noncapital expenditures are total expenditures less capital outlay.

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

NEW MILFORD BOARD OF EDUCATION
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30	Tuition	Interest	Rentals	Book Fine / Student Obligations	Transportation Fees	Enrichment Academy Fees	Insurance Proceeds/ FEMA	Student Activity Fees	Refund Prior Year Expenditures	Miscellaneous	Total
2002	\$ 44,201	\$ 48,316		\$ 2,566	\$ 3,249				\$	\$ 176,446	\$ 274,778
2003	58,081	44,686	\$ 1,475	4,119	29,573					148,495	286,429
2004	64,465	37,200	1,400	3,324	5,175				\$ 105,087	93,579	310,228
2005	51,164	50,195	2,511	3,382	7,320					54,830	169,402
2006	27,601	88,417	558	2,487	7,907				29,108	30,999	187,077
2007	7,549	163,193	4,700		4,503					54,614	234,559
2008	4,056	137,832		4,564	12,376					14,832	173,660
2009		49,243		930	14,718		\$ 191,596		631	13,224	270,342
2010	67,608	27,074	6,300	2,256	6,726		87,394		7,773	37,496	242,627
2011	1,400	33,376	5,600		14,103	\$ 16,870		\$ 25,030	201,080	33,785	331,244

New Milford School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Year Ended December	Total Assessed Value										Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^a
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Value						
2002	\$ 1,444,300	\$ 861,657,300	\$ 385,800	-	\$ 48,926,100	\$ 1,950,800	\$ 62,207,000	\$ 976,571,300	\$ 780,861	\$ 977,352,161	\$ 1,147,800,541	1.918		
2003	1,425,800	872,900,840	438,600	-	47,796,900	1,950,800	63,212,500	987,725,440	749,348	988,474,788	1,286,178,101	1.958		
2004	1,450,000	876,738,640	438,600	-	48,162,200	1,950,800	63,212,500	991,952,740	635,605	992,588,345	1,437,231,954	2.017		
2005	4,918,700	1,697,641,700	-	-	88,954,500	3,736,200	128,525,200	1,923,776,300	868,890	1,924,645,190	1,924,645,190	1.088		
2006	5,015,200	1,706,637,000	-	-	89,881,400	3,736,200	128,525,200	1,933,795,000	785,004	1,934,580,004	1,829,865,847	1.142		
2007	5,235,900	1,719,246,500	-	-	88,932,700	3,736,200	128,525,200	1,945,676,500	1,008,643	1,946,685,143	2,054,928,595	1.189		
2008	4,315,400	1,740,682,600	-	-	87,805,600	3,736,200	126,232,400	1,962,772,200	1,032,167	1,963,804,367	2,130,101,691	1.233		
2009	3,635,100	1,742,808,800	-	-	87,805,600	3,736,200	126,232,400	1,964,218,100	1,331,967	1,965,550,067	2,308,573,806	1.290		
2010	4,228,000	1,741,890,200	-	-	86,861,600	3,736,200	126,232,400	1,962,948,400	1,713,878	1,964,662,278	2,040,274,816	1.357		
2011	4,637,700	1,738,120,200	-	-	87,716,300	3,736,200	126,339,400	1,960,549,800	1,386,170	1,961,935,970	1,972,979,571	1.416		

Source: County Abstract of Ratables

^a Tax rates are per \$100

New Milford School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)
(rate per \$100 of assessed value)

<u>Assessment Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates</u>		Total Direct and Overlapping Tax Rate
	New Milford School District	New Milford Borough	Bergen County	
2001	1.791	0.808	0.261	2.860
2002	1.918	0.848	0.284	3.050
2003	1.958	0.923	0.279	3.160
2004	2.017	0.962	0.301	3.280
2005	1.088	0.529	0.158	1.775
2006	1.142	0.560	0.178	1.880
2007	1.189	0.620	0.191	2.000
2008	1.233	0.656	0.191	2.080
2009	1.290	0.677	0.211	2.178
2010	1.357	0.729	0.202	2.288
2011	1.416	0.721	0.208	2.345

Source: Tax Duplicate, Borough of New Milford

EXHIBIT J-8

New Milford School District
Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bal Bay Realty, LTD	\$ 42,157,500	2.15%		
Brunetti, Jo Ann	33,940,700	1.73%		
NM Village LLC% Affiliated Mgmt Inc	24,000,000	1.22%	12,782,500	1.31%
Dorchester Manor	15,316,900	0.78%	7,267,500	0.74%
New Meditrust Co LLC % Woodcrest Hcc	14,250,400	0.73%		
Milford Arms	9,822,100	0.50%	5,802,000	0.59%
Inserra Associates	6,659,600	0.34%	3,466,000	0.35%
Brookchester Shopping Center	5,895,600	0.30%	2,300,000	0.24%
Canterbury Village	4,584,600	0.23%		
730 River Rd Prop c/o Curtis Corp	3,703,300	0.19%		
Lucerne-New Milford LLC	3,383,900	0.17%		
Public Service	3,276,000	0.17%	1,670,000	0.17%
Bekdas, Sabri	3,080,600	0.16%		
Hackensack Water Co	2,504,100	0.13%		
Young & Bow Inc NJ Corp	2,500,000	0.13%		
Milford Plaza Jane Milanos			1,746,500	0.18%
Brookchester Apartments			36,355,000	3.72%
NJ 84 Associates LTD				
Mediplex of NJ			8,500,000	0.87%
Total	\$ 175,075,300	8.92%	\$ 79,889,500	8.17%

Source: District CAFR & Municipal Tax Assessor

EXHIBIT J-9

**New Milford School District
Property Tax Levies and Collections,
Last Ten Fiscal Years
(Unaudited)**

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 18,057,792	\$ 18,057,792	100.00%	-
2003	19,012,711	19,012,711	100.00%	-
2004	19,643,877	19,643,877	100.00%	-
2005	20,386,669	20,386,669	100.00%	-
2006	21,475,493	21,475,493	100.00%	-
2007	22,695,810	22,695,810	100.00%	-
2008	23,584,141	23,584,141	100.00%	-
2009	24,576,276	24,576,276	100.00%	-
2010	26,108,884	26,108,884	100.00%	-
2011	27,432,273	27,432,273	100.00%	-

Source: School District's Financial Statements

**NEW MILFORD SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2005	\$ 6,075,000	\$ 119,883	\$ 6,194,883	16,176	\$ 383
2006	5,810,000	254,552	6,064,552	16,056	378
2007	5,530,000	316,225	5,846,225	15,910	367
2008	5,235,000	380,255	5,615,255	15,890	353
2009	4,840,000	248,399	5,088,399	15,885	320
2010	4,470,000	129,835	4,599,835	15,949	288
2011	4,130,000	65,128	4,195,128	15,949 (E)	263

Source: District Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present

(E) - Estimate

**NEW MILFORD SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
(UNAUDITED)**

<u>General Bonded Debt Outstanding</u>						
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b	
2005	\$ 6,075,000	\$ -	\$ 6,075,000	0.32%	\$ 376	
2006	5,810,000	-	5,810,000	0.30%	362	
2007	5,530,000	-	5,530,000	0.28%	348	
2008	5,235,000	-	5,235,000	0.27%	329	
2009	4,840,000	-	4,840,000	0.25%	305	
2010	4,470,000	-	4,470,000	0.23%	280	
2011	4,130,000	-	4,130,000	0.21%	259	

Source: District Records

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

a See Exhibit J J-6 for property tax data.

b See Exhibit J-14 for population data

Note: GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present

**NEW MILFORD SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
(UNAUDITED)**

<u>Governmental Unit</u>	<u>Total Net Debt</u>
Municipal Debt: (1)	
New Milford Board of Education	\$ 4,130,000
Borough of New Milford	9,871,645
Overlapping Debt Apportioned to the Municipality Bergen County: (2) and (3)	
County of Bergen (A)	7,520,292
Bergen County Utilities Authority - Waste Water (B)	<u>5,498,633</u>
Total direct and overlapping debt	<u><u>\$ 27,020,570</u></u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2010 equalized value by the total 2010 equalized value for Bergen County
 (B) Overlapping Debt was computed based upon municipal flow to the Authority

Sources:

- (1) Borough of New Milford 2010 Annual Debt Statement
- (2) BCUA 2010 Audit
- (3) Bergen County 2010 Annual Debt Statement

NEW MILFORD BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis	
2008	\$2,141,771,560
2009	2,041,594,533
2010	1,975,393,378
	<u>\$6,158,759,471</u>

Average equalized valuation of taxable property	<u>\$2,052,919,824</u>
Debt limit (4 % of average equalization value)	\$ 82,116,793
Total Net Debt Applicable to Limit	<u>4,130,000</u>
Legal debt margin	<u>\$ 77,986,793</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 42,949,244	\$ 46,319,544	\$ 51,274,912	\$ 57,268,203	\$ 64,631,689	\$ 72,648,170	\$ 79,683,263	\$ 83,970,797	\$ 84,022,475	\$ 82,116,793
Total net debt applicable to limit	<u>10,700,000</u>	<u>7,327,871</u>	<u>6,325,510</u>	<u>6,075,510</u>	<u>5,810,510</u>	<u>5,530,510</u>	<u>5,235,510</u>	<u>4,840,510</u>	<u>4,470,510</u>	<u>4,130,000</u>
Legal debt margin	<u>\$ 32,249,244</u>	<u>\$ 38,991,673</u>	<u>\$ 44,949,402</u>	<u>\$ 51,192,693</u>	<u>\$ 58,821,179</u>	<u>\$ 67,117,660</u>	<u>\$ 74,447,753</u>	<u>\$ 79,130,287</u>	<u>\$ 79,551,965</u>	<u>\$ 77,986,793</u>
Total net debt applicable to the limit as a percentage of debt limit	24.91%	15.82%	12.34%	10.61%	8.99%	7.61%	6.57%	5.76%	5.32%	5.03%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

Note:
 GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**NEW MILFORD SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year Ended December 31,</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	16,329	51,931	6.4%
2003	16,270	51,291	6.4%
2004	16,205	54,669	5.2%
2005	16,176	56,963	3.5%
2006	16,056	63,021	3.8%
2007	15,910	67,113	3.4%
2008	15,890	68,541	4.5%
2009	15,885	64,388	8.0%
2010	15,949	N/A	8.2%
2011	15,949 (E)	N/A	N/A

Source:

United States Bureau of Census, Population Division estimates

Revisions to historical data, per capita income: US Bureau of Economic Analysis

E - Estimate

N/A - Not Available

NEW MILFORD BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

Employer	2010		2001	
	Employees	% of Total Municipal Employment	Employees	% of Total Municipal Employment

INFORMATION IS NOT AVAILABLE

**NEW MILFORD SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction						
Regular	127	127	125	123	126	113
Special education	19	19	33	35	19	21
Other instruction	15	18	21	18	32	36
Support Services:						
Tuition						
Student & instruction related services	31	31	32	32	31	26
General administrative services	5	5	4	4	5	4
School administrative services	15	15	16	16	24	20
Business administrative services	6	6	6	6	7	6
Plant operations and maintenance	35	35	35	38	35	32
Pupil transportation	5	5	6	9	8	9
Child Care	14	14	19	19	22	23
Total	<u>271</u>	<u>275</u>	<u>297</u>	<u>300</u>	<u>309</u>	<u>290</u>

Source: District Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2009 only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present

**NEW MILFORD SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SIX FISCAL YEARS**

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Elementary</u>						
Berkley Street School						
Square Feet	49,438	49,438	49,438	49,438	49,438	49,438
Capacity (students)	410	410	410	410	410	410
Enrollment	393	375	383	414	413	413
B.F. Gibbs School						
Square Feet	48,435	48,435	48,435	48,435	48,435	48,435
Capacity (students)	519	519	519	519	519	519
Enrollment	519	516	515	511	524	524
<u>Middle School</u>						
David E. Owens Middle School						
Square Feet	80,193	80,193	80,193	80,193	80,193	80,196
Capacity (students)	496	496	496	496	496	496
Enrollment	484	483	503	498	498	501
<u>High School</u>						
New Milford High School						
Square Feet	139,920	139,920	139,920	139,920	139,920	139,920
Capacity (students)	700	700	700	700	700	700
Enrollment	576	600	620	693	691	691

Number of Schools at June 30, 2011

Elementary = 2
Middle School = 1
High School = 1

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2009 only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present

NEW MILFORD SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(UNAUDITED)

Undistributed Expenditures - Required
Maintenance for School Facilities
11-000-261-XXX

School Facilities	Project # (s)	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Berkley Street Elementary	N/A	\$ 54,706	\$ 68,886	\$ 58,955	\$ 70,378	\$ 82,783	\$ 74,747	\$ 69,652	\$ 83,116	\$ 73,614	\$ 92,398
B. F. Gibbs Elementary	N/A	49,092	100,301	63,438	63,955	86,039	79,258	62,489	78,244	63,672	62,814
DEO Middle School	N/A	87,709	110,199	214,530	122,192	184,809	122,414	152,141	121,088	163,587	168,070
New Milford High School	N/A	265,925	306,376	180,608	330,982	368,976	1,255,859	306,517	220,719	226,591	254,586
Total School Facilities		\$ 457,432	\$ 585,762	\$ 517,531	\$ 587,507	\$ 722,607	\$ 1,532,278	\$ 590,799	\$ 503,167	\$ 527,464	\$ 577,868

**NEW MILFORD SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2011
(Unaudited)**

	Coverage	Deductible
Commercial Property Coverage (1)		
Blanket building and Personal Property	\$ 69,370,100	\$ 5,000
Flood & Earthquake	5,000,000.00	50,000.00
Flood: Within Special Flood Hazard Area	1,000,000.00	500,000.00
Extra Expense	5,000,000	
Valuable Papers & Records	5,000,000	
Computer Equipment	2,500,000	
General Liability (1)	2,000,000	
Public Employee Dishonesty (1b)		
Per Employee	100,000	5,000
Per Loss	400,000	
Commercial Automobile (1)	1,000,000	1,000
Pollution Liability (1a)	3,000,000	15,000
Accident Coverage (1c)	500,000	refer to policy
Workers' Compensation (1d)	Statutory	
Comm. Umbrella Excess (1e)	9,000,000	
Comm. Umbrella Excess (1f)	50,000,000	
Educator's Legal Liability (1g)	1,000,000	1,000
Student Accident Insurance (2)	5,000,000	
Surety Bonds (3)		
Treasurer	250,000	
Board Secretary/Business Administrator	100,000	

(1) Selective Way Insurance Co

(1a) American Safety Casualty Insurance Co

(1b) Selective Insurance Co of America

(1c) Gerber Life Insurance Co

(1d) Star Insurance Co

(1e) American Alternatives Insurance Co

(1f) Fireman's Fund Insurance Co

(1e) ACE USA

(2) Peoples Benefit Life Insurance Co

(3) Ohio Casualty

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and Members
of the Board of Trustees
New Milford Board of Education
New Milford, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Milford Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the New Milford Board of Education's basic financial statements and have issued our report thereon dated September 29, 2011. We conducted our audit 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 audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the New Milford Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the New Milford Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Milford Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the New Milford Board of Education's internal control over financial reporting.

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 New Milford Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

However, we noted certain matters that we have reported to management of the New Milford Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated September 29, 2011.

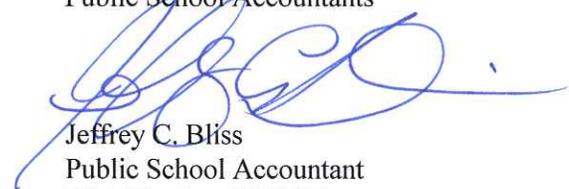
This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
September 29, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Independent Auditor's Report

Honorable President and Members
of the Board of Trustees
New Milford Board of Education
New Milford, New Jersey

Compliance

We have audited the New Milford Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of New Milford Board of Education's major federal and state programs for the fiscal year ended June 30, 2011. New Milford 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. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the New Milford Board of Education's management. Our responsibility is to express an opinion on New Milford Board of Education's compliance based on our audit.

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; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 New Milford 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. Our audit does not provide a legal determination on New Milford Board of Education's compliance with those requirements.

As described in item 2011-1 in the accompanying schedule of findings and questioned costs, New Milford Board of Education did not comply with requirements regarding eligibility that is applicable to its State Extraordinary Special Education Aid. Compliance with such requirements is necessary, in our opinion, for New Milford Board of Education to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, New Milford Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of New Milford Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered New Milford Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance 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 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 or state program will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-1 to be a material weakness.

The Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's responses and, accordingly, we express no opinion on the responses.

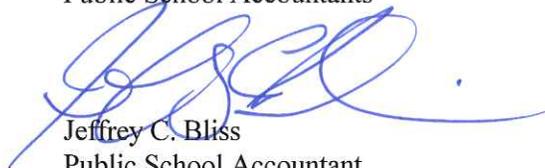
This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
September 29, 2011

NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable)	Balance, June 30, 2011 Deferred Revenue	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Carryover Receivable Adjustment	Other Adjustments	Repayment of Prior Years' Balance	(Accounts Receivable)	Balance, June 30, 2011 Deferred Revenue	Due to Grantor	Memo GAAP Receivable		
U.S. Department of Agriculture																			
Passed-Through State Department of Education:																			
National School Lunch Program	10.555																		
Non-Cash Assistance		N/A	7/01/09-6/30/10	\$ 31,779					\$ 34,049	\$ 32,025					\$ 2,024				
Non-Cash Assistance		N/A	7/01/09-6/30/10	21,252						1,754									
Cash Assistance		N/A	7/01/09-6/30/10	104,530					97,187	104,529									
Cash Assistance		N/A	7/01/09-6/30/10	99,243					6,924	6,924									
																		\$ (7,342)	
Total U.S. Department of Agriculture									138,160	138,308					(7,342)	2,024		(7,342)	
U.S. Department of Education																			
Passed-Through State Department of Education:																			
Special Revenue Fund																			
Title I	84.010A	NCLB355011	9/1/08-8/31/10	87,774				\$ 1,668	43,047	60,427	(1,668)			(46,395)	29,015			(17,380)	
Title I	84.010A	NCLB355010	9/1/08-8/31/10	85,991				(1,668)	35,832	12,053	1,668								
Title I	84.010A	NCLB355009	9/1/08-8/31/09	81,435					3,750	1,397				(2,938)	1,541			(1,397)	
Title I - Part A	84.389	NCLB355010	9/1/09-8/31/10	27,598				8,505	11,658	38,499	(8,505)			(26,797)	12,319			(10,480)	
Title II - Part A	84.367A	NCLB355011	9/1/10-8/31/11	42,313				(8,505)	24,021	25,699	8,565								
Title II - Part B	84.367A	NCLB355010	9/1/09-8/31/10	44,139					31,106	140									
Title II - Part C	84.367A	NCLB355009	9/1/08-8/31/09	192				648		(648)									
Title II - Part D	84.318X	NCLB355011	9/1/10-8/31/11	867				(2,046)	9,833	13,668	(2,046)			(12,818)	8,983			(3,855)	
Title II - Part D	84.318X	NCLB355010	9/1/09-8/31/10	20,605				(2,046)	11,864	9,561	2,046								
Title II - Part D	84.365A	NCLB355011	9/1/10-8/31/11	13,411					172										
Title II - Part D	84.365A	NCLB355010	9/1/09-8/31/10	14,321				4,669			(4,669)			(4,669)	4,669				
Title III	84.186A	NCLB355011	9/1/10-8/31/11	5,105				(4,669)	2,106	1,911	4,669								
Title III	84.186A	NCLB355010	9/1/09-8/31/10																
Title IV	84.298A	NCLB355009	9/1/08-8/31/09	556,604				1,258	125,441	554,242	(1,258)			(432,421)	260			(428,801)	
Title V	84.027A	IDEA355011	9/1/10-8/31/11	546,359				(1,258)	122,485	223,271	1,258								
L.D.E.A. Part B, Basic	84.027A	IDEA355010	9/1/09-8/31/10	618,690					441,220	223,271				(310)	47,802			(30,192)	
L.D.E.A. Part B, Basic	84.391	IDEA355010	9/1/09-8/31/10	26,682				9,973	12,983	20,007	(9,973)			(23,672)	18,648			(3,917)	
L.D.E.A. Preschool	84.173A	IDEA355011	9/1/10-8/31/11	25,698				(9,973)	15,171	12,286	9,973								
L.D.E.A. Preschool	84.173A	IDEA355010	9/1/09-8/31/10	22,405					7,758	8,801				(10,118)	2,455			(1,938)	
L.D.E.A. Preschool	84.392	IDEA355010	9/1/09-8/31/10																
																			\$ (497,940)
Total Special Revenue Fund									898,447	981,822				(644,077)	133,160			(497,940)	
																			\$ (505,282)
Total U.S. Department of Education									1,036,607	1,120,130				(651,419)	135,184			(505,282)	
Total									\$ 1,036,607	\$ 1,120,130				\$ (651,419)	\$ 135,184			\$ (505,282)	

The Notes to the Schedule of Federal Awards and State Financial Assistance are an integral part of this schedule.

NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2011		Due to Grantor	MEMO Cumulative Total Expenditures	
				Deferred Revenues/ (Accts Rec.)	Due to Grantor				(Accounts Receivable)	Deferred Revenue			
State Department of Education													
Equalization Aid	10-495-034-5120-078	7/01/09-6/30/10	\$ 598,199	\$ (21,712)	\$	\$ 21,712							
Transportation Aid	10-495-034-5120-014	7/01/09-6/30/10	287,717	(12,591)		12,591						\$ 887,061	
Special Education Aid	11-495-034-5120-089	7/01/10-6/30/11	887,061			887,061	\$ 887,061						
Special Education Aid	10-495-034-5120-089	7/01/09-6/30/10	1,246,502	(81,498)		81,498							
Security Aid	10-495-034-5120-084	7/01/09-6/30/10	193,229	(8,456)		8,456						\$ 586,407	
Extraordinary Aid	11-100-034-5120-473	7/01/10-6/30/11	582,459	(582,459)			\$ 586,407		\$ (586,407)				
Extraordinary Aid	10-100-034-5120-473	7/01/09-6/30/10	29,412			29,412						29,412	
Non-Public Transportation	not available	7/01/10-6/30/11	24,942	(24,942)									
Non-Public Transportation	not available	7/01/09-6/30/10	903,312			903,312						903,312	
On-Behalf TPAF Social Security Contribution	11-495-034-5095-002	7/01/10-6/30/11	34,241			34,241						34,241	
On-Behalf TPAF Pension Contribution-NCGI	11-495-034-5095-007	7/01/10-6/30/11	727,274			727,274						727,274	
Medical Contribution	11-495-034-5095-001	7/01/10-6/30/11											
Total General Fund				(731,658)		3,283,546	3,167,707		(615,819)			(29,412)	3,167,707
New Jersey Nonpublic Aid:													
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	43,426			43,426					\$ 2,100	41,326	
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	60,347	\$ 3,463			\$ 41,326	\$ 3,463					
Nursing Services	11-100-034-5120-070	7/01/10-6/30/11	51,456			51,456						51,456	
Auxiliary Services:													
Compensatory Education	11-100-034-5120-067	7/01/10-6/30/11	144,010			144,010						107,840	
Compensatory Education	10-100-034-5120-067	7/01/09-6/30/10	163,148					2,706					
English as a Second Language	11-100-034-5120-067	7/01/10-6/30/11	23,615			23,615						11,783	
English as a Second Language	10-100-034-5120-067	7/01/09-6/30/10	33,765					4,533					
Home Instruction	11-100-034-5120-067	7/1/10-6/30/11	694			694						694	
Home Instruction	10-100-034-5120-067	7/1/09-6/30/10	3,763	(3,763)					(694)				
Transportation	11-100-034-5120-068	7/01/10-6/30/11	20,189			20,189						20,189	
Handicapped Services:													
Examination and Classification	11-100-034-5120-066	7/01/10-6/30/11	86,126			86,126						57,735	
Examination and Classification	10-100-034-5120-066	7/01/09-6/30/10	106,383					24,808					
Corrective Speech	11-100-034-5120-066	7/01/10-6/30/11	68,062			68,062						42,715	
Corrective Speech	10-100-034-5120-066	7/01/09-6/30/10	67,971					12,078					
Supplemental Instruction	11-100-034-5120-066	7/01/10-6/30/11	60,450			60,450						41,898	
Supplemental Instruction	10-100-034-5120-066	7/01/09-6/30/10	72,475					7,634					
Character Education	06-495-034-5120-053	7/01/05-6/30/06	5,321	177			20						
Total Special Revenue Fund				(3,586)		503,097	375,656	55,222	(694)	157	124,392	(694)	375,656
Total State Department of Education				(735,244)		3,786,643	3,543,363	55,222	(616,513)	157	124,392	(30,106)	3,543,363

NEW MILFORD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010		Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2011		Due to Grantor	MEMO C-AAP Receivable	Combined Total Expenditures
				Deferred Revenue/ (Accr Rec.)	(Access Rec.)						(Accounts Receivable)	Deferred Revenue			
Department of Agriculture (Food Services Fund)															
National School Lunch Program (State Share)	11-100-010-3350-023	7/01/10-6/30/11	\$ 6,227	\$ (508)	\$ 5,719	\$ 6,227	\$ 508	\$ 6,227	\$ -	\$ -	(448)	\$ -	\$ -	(448)	6,227
National School Lunch Program (State Share)	10-100-010-3350-023	7/01/09-6/30/10	7,409	(508)	-	-	-	-	-	-	-	-	-	-	-
Total Department of Agriculture (Food Services Fund)			13,636	(1,016)	5,719	6,227	508	6,227	-	-	(448)	-	-	(448)	6,227
Schools Development Authority															
Schools Facilities Grants			87,267	(84,639)	84,639	84,639	84,639	84,639	-	-	-	-	-	-	84,639
Gibbs E.S. Roof	3550-070-090-OK-AR		210,168	(187,093)	189,316	2,223	189,316	2,223	-	-	-	-	-	-	189,316
Berkley E.S. Roof	3550-060-09-OK-AQ		-	-	-	2,223	-	2,223	-	-	-	-	-	-	2,223
Total Schools Development Authority			210,168	(187,093)	189,316	2,223	189,316	2,223	-	-	-	-	-	-	189,316
Total State Financial Assistance			13,636	(1,016)	5,719	6,227	508	6,227	55,222	55,222	(616,961)	157	124,392	(30,554)	3,823,545
State Financial Assistance															
Not Subject to Single Audit Determination															
General Fund															
On-Behalf TPAF Pension Contrib -NCCI	10-495-034-5095-007	7/1/09-6/30/09	(34,241)	-	(34,241)	(34,241)	-	(34,241)	-	-	-	-	-	-	(34,241)
On-Behalf TPAF Post-Retirement Medical	10-495-034-5095-001	7/1/09-6/30/09	(727,274)	-	(727,274)	(727,274)	-	(727,274)	-	-	-	-	-	-	(727,274)
Total State Financial Assistance Subject to Single Audit			(761,515)	-	(761,515)	(761,515)	-	(761,515)	-	-	-	-	-	-	(761,515)

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules 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) to the Board's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$120,309 for the general fund and \$14,869 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,288,016	\$ 3,288,016
Special Revenue Fund	\$ 996,985	375,362	1,372,347
Capital Projects Fund		2,223	2,223
Food Service Fund	138,308	6,227	144,535
	<u> </u>	<u> </u>	<u> </u>
Total Financial Assistance	<u>\$ 1,135,293</u>	<u>\$ 3,671,828</u>	<u>\$ 4,807,121</u>

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$903,312 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, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$34,241 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$727,274 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unqualified

Internal control over financial reporting:

1) Were material weakness(es) identified? yes X no

2) Were significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027A</u>	<u>IDEA Basic</u>
<u>84.173A</u>	<u>IDEA Preschool</u>
<u>84.391</u>	<u>IDEA Basic - ARRA</u>
<u>84.392</u>	<u>IDEA Preschool - ARRA</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

THERE ARE NONE.

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR FEDERAL AWARDS

THERE ARE NONE.

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR STATE AWARDS

Finding 2011-1

A review of Students' Individual Education Plans (IEP) revealed certain students reported on the application for State Extraordinary Aid did not have an intensive service included in their IEP. A minimum of one intensive service is required to be included in a student's IEP to be eligible for inclusion on the Extraordinary Aid application.

State program information:

Extraordinary Special Education Aid 10-100-034-5120-473

Criteria or specific requirement:

State Grant Compliance Supplement

Condition:

Certain students included on the Extraordinary Aid application received intensive services however their IEP's did not specifically indicate they were required to receive such services.

Questioned Costs:

Unknown.

Context:

Six (6) students tested out of twenty-eight (28) sampled did not have an intensive service included in their IEP. The Extraordinary Aid application listed thirty-three (33) eligible students.

Cause:

Students are receiving an intensive service that is not explicitly required in the respective IEP.

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR STATE AWARDS

Finding 2011-1 (Continued)

Effect:

Certain students included on the Extraordinary Aid application may not have met eligibility requirements of the program.

Recommendation:

Internal control procedures be reviewed and revised to ensure only eligible students whose IEP's specifically require intensive related services are reported on the applicable for State Extraordinary Aid.

Management's Response

Management has reviewed this finding and has indicated corrective action will be taken.

**NEW MILFORD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2010-1

Condition

Stipend payments charged to grant programs are not supported by Board approved resolutions as funded by federal programs.

Current Status

Corrective action has been taken.

Finding 2010-2

Condition

Certain students included on the Extraordinary Aid application received intensive services however their IEP's did not indicate they were required to receive such services. In addition, extended school year services provided to certain students did not meet the requirements of an intensive service.

Current Status

See Finding 2011-1.

Finding 2010-3

Condition

A resolution was not approved by the Board to award a contract exempt from public bidding under the "Extraordinary Unspecifiable Services" ("EUS") provision of the Local Public Contracts Law. As such, a public notice was not advertised for an EUS contract awards.

Current Status

Corrective action was taken.