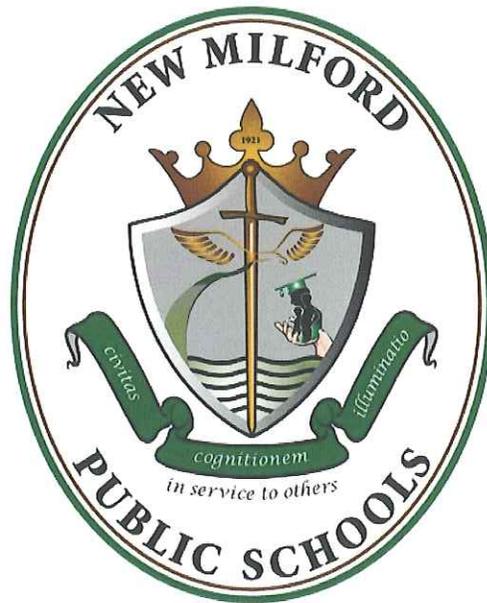


SCHOOL DISTRICT  
OF  
**NEW MILFORD**



NEW MILFORD BOARD OF EDUCATION  
NEW MILFORD, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

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

**For the Fiscal Year Ended June 30, 2012**

**Prepared by**

**NEW MILFORD Board of Education  
Business Office**

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# **Introductory Section**

**NEW MILFORD BOARD OF EDUCATION**

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

December 5, 2012

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, 2012 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 of 1984 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 2011-2012 fiscal year with an enrollment of 2048 students, which is 83 students below 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
2011-12	2048	-3.89%
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%

**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. 40% of the total loss in state aid was restored for the 2011-2012 (just ended) school year with another 20% restored for 2012-2013. With a 2% cap on the tax levy, the additional State aid was and will be used for restoration of staff and program/operational cuts, increased costs associated with mandated special education programs and employee benefits, for needed capital improvements, enrollment increases and for taxpayer relief.

**3) MAJOR INITIATIVES:** **Class of 2012** 97% 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. 39% will be participating in two year community college or career training programs. 1% will enter the military. The remaining 2% 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, 2012.

**6) DEBT ADMINISTRATION:** At June 30, 2012 the District's outstanding debt issue was \$3,775,000 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 Financial Statements", Note 2. 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.

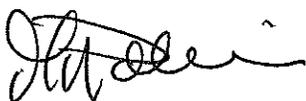
#### **9) OTHER INFORMATION:**

**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 of 1984 and the related OMB Circular A-133 and New Jersey OMB's Circular 98-07. 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.

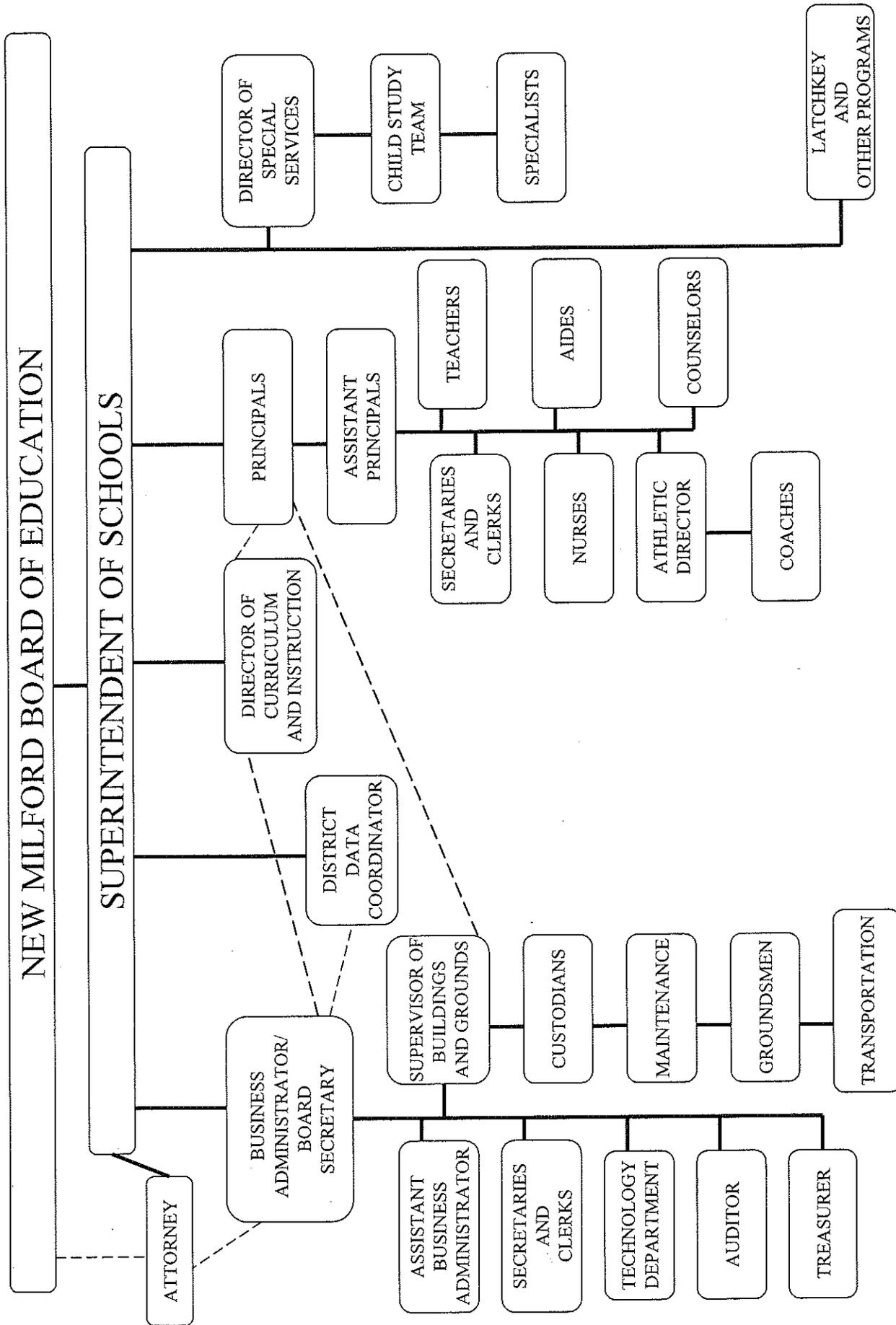
Respectfully submitted,



Michael Polizzi  
Superintendent



Michael Sawicz  
Business Administrator



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

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

<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
Christopher Ryan	2012
Judith Rabinowitz-McSweeney	2013
Paige Ryan	2014
Peggy Saslow	2014
Joseph Steele	2012
<b><u>Other Officials</u></b>	
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 2<sup>nd</sup> Floor Suite 2  
Newark, NJ 07104

### **Audit Firm**

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

### **Attorney**

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

### **Official Depository**

Capital One Bank  
Fairfield Office

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
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FACSIMILE (201) 791-3035  
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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 AUDITOR'S 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, 2012, 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2012, and the respective changes in financial position and, where applicable, cash flows 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 December 5, 2012 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are 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  
December 5, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

### Fiscal Year Ended June 30, 2012

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, 2012. 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 (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-2012 fiscal year include the following:

- The assets of the New Milford School District exceeded its liabilities at the close of the fiscal year by \$21,519,257 (net assets).
- Overall District revenues were \$34,346,906 which were \$1,362,499 greater than overall District expenses of \$32,984,407. General revenues accounted for \$28,235,128 or 82% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$6,111,778 or 18% of total revenues.
- The School District had \$32,010,853 in expenses for governmental activities; only \$5,097,410 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$28,234,424 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 \$3,921,731. Of that amount, \$104,153 (3%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned fund balance was \$104,153 at June 30, 2012, a decrease of \$99,338 when compared with the beginning balance at July 1, 2011.
- The General Fund unassigned budgetary basis fund balance at June 30, 2012 was \$755,874, which represents a decrease of \$34,024 compared to the ending budgetary basis fund balance at June 30, 2011 of \$789,898.

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

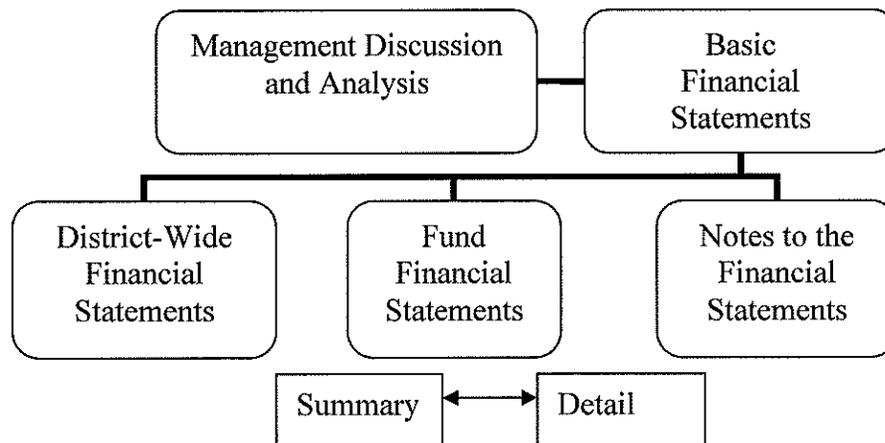
Fiscal Year Ended June 30, 2012

### 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

Fiscal Year Ended June 30, 2012

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
<b>Scope</b>	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.
<b>Required Financial Statements</b>	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
<b>Accounting Basis and Measurement Focus</b>	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
<b>Type of Asset/Liability Information</b>	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
<b>Type of Inflow/Outflow Information</b>	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

Fiscal Year Ended June 30, 2012

### 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, latchkey and summer enrichment and after school enrichment programs 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

Fiscal Year Ended June 30, 2012

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 four enterprise funds for its food service operations, latchkey, summer enrichment and after school 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

Fiscal Year Ended June 30, 2012

### 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, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue 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 2012 and 2011.

**Net Assets.** The District's *combined* net assets were \$21,519,257 on June 30, 2012 and \$20,156,758 on June 30, 2011.

Statement of Net Assets  
As of June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 5,550,109	\$ 4,273,888	\$ 520,626	\$ 458,578	\$ 6,070,735	\$ 4,732,466
Capital Assets	21,321,851	21,146,997	83,657	91,207	21,405,508	21,238,204
<b>Total Assets</b>	<b>26,871,960</b>	<b>25,420,885</b>	<b>604,283</b>	<b>549,785</b>	<b>27,476,243</b>	<b>25,970,670</b>
Long-Term Liabilities	4,266,415	4,560,318			4,266,415	4,560,318
Other Liabilities	1,633,872	1,205,119	56,699	48,475	1,690,571	1,253,594
<b>Total Liabilities</b>	<b>5,900,287</b>	<b>5,765,437</b>	<b>56,699</b>	<b>48,475</b>	<b>5,956,986</b>	<b>5,813,912</b>
Net Assets						
Invested in Capital Assets Net of Related Debt	17,385,818	16,893,388	83,657	91,207	17,469,475	16,984,595
Restricted	1,591,439	1,612,894			1,591,439	1,612,894
Unrestricted	1,994,416	1,149,166	463,927	410,103	2,458,343	1,559,269
<b>Total Net Assets</b>	<b>\$ 20,971,673</b>	<b>\$ 19,655,448</b>	<b>\$ 547,584</b>	<b>\$ 501,310</b>	<b>\$ 21,519,257</b>	<b>\$ 20,156,758</b>

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

### Fiscal Year Ended June 30, 2012

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 2012 and 2011.

#### Change in Net Assets For the Fiscal Years Ended June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 106,757	\$ 15,503	\$ 865,720	\$ 867,165	\$ 972,477	\$ 882,668
Operating Grants and Contributions	4,990,653	4,601,143	148,648	144,535	5,139,301	4,745,678
Capital Grants and Contributions		80,991			-	80,991
General Revenues						
Property Taxes	27,912,417	27,432,273			27,912,417	27,432,273
State Aid - Unrestricted	238,062	21,712			238,062	21,712
Other	83,945	315,789	704	574	84,649	316,363
<b>Total Revenues</b>	<b>33,331,834</b>	<b>32,467,411</b>	<b>1,015,072</b>	<b>1,012,274</b>	<b>34,346,906</b>	<b>33,479,685</b>
<b>Expenses</b>						
Instruction						
Regular	12,208,712	11,559,201			12,208,712	11,559,201
Special Education	5,238,766	5,497,116			5,238,766	5,497,116
Other Instruction	409,371	306,805			409,371	306,805
School Sponsored Activities and Athletics	865,317	778,712			865,317	778,712
Support Services						
Student and Instruction Related Services	4,468,086	4,114,083			4,468,086	4,114,083
General Administrative Services	853,216	824,124			853,216	824,124
School Administrative Services	2,007,054	1,850,285			2,007,054	1,850,285
Central and Other Support Services	927,914	840,299			927,914	840,299
Plant Operation and Maintenance	3,979,209	3,971,247			3,979,209	3,971,247
Pupil Transportation	907,675	865,280			907,675	865,280
Interest on Debt	145,533	158,376			145,533	158,376
Food Service			645,761	640,819	645,761	640,819
Latchkey Program			301,876	286,257	301,876	286,257
Summer Enrichment Program	-	-	11,472	6,685	11,472	6,685
After School Enrichment Program	-	-	14,445	-	14,445	-
<b>Total Expenses</b>	<b>32,010,853</b>	<b>30,765,528</b>	<b>973,554</b>	<b>933,761</b>	<b>32,984,407</b>	<b>31,699,289</b>
Increase in Net Assets Before Transfers	1,320,981	1,701,883	41,518	78,513	1,362,499	1,780,396
Transfers	(4,756)	-	4,756	-	-	-
Increase in Net Assets	1,316,225	1,701,883	46,274	78,513	1,362,499	1,780,396
Beginning of Year, Net Assets	19,655,448	17,953,565	501,310	422,797	20,156,758	18,376,362
<b>End of Year, Net Assets</b>	<b>\$ 20,971,673</b>	<b>\$ 19,655,448</b>	<b>\$ 547,584</b>	<b>\$ 501,310</b>	<b>\$ 21,519,257</b>	<b>\$ 20,156,758</b>

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

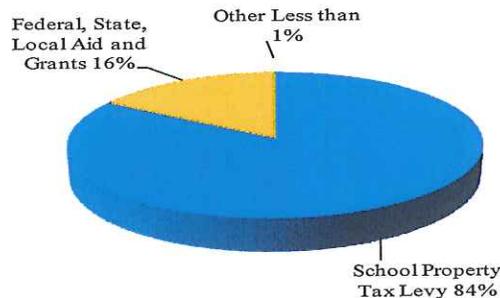
### Fiscal Year Ended June 30, 2012

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$33,331,834 for the year ended June 30, 2012, property taxes of \$27,912,417 represented 84% of revenues. Another significant portion of revenues came from State aid; total State, Federal and Local Aid and Grants were \$5,228,715 and represented 16% 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.

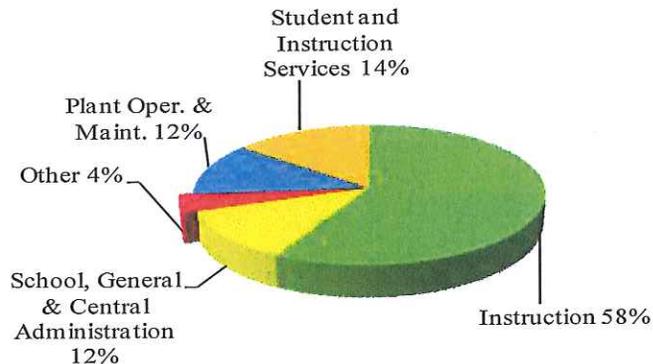
The total cost of all governmental activities programs and services was \$32,010,853. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$18,722,166 (58%) of total expenses. Support services, total \$13,143,154 (41%) of total expenses.

Total governmental activities revenues exceeded expenses, increasing net assets by \$1,316,225 from the previous year.

**Revenues by Type – Governmental Activities  
For Fiscal Year 2012**



**Expenditures by Type – Governmental Activities  
For Fiscal Year 2012**



# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

Fiscal Year Ended June 30, 2012

**Net Cost of Governmental Activities.** The District's total cost of services was \$32,010,853. After applying program revenues, derived from operating grants and contributions of \$4,990,653, and charges for services of \$106,757, the net cost of services of the District is \$26,913,443.

### Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2012 and 2011

Governmental Activities	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Instruction				
Regular	\$ 12,208,712	\$ 11,559,201	\$ 10,487,588	\$ 10,048,862
Special Education	5,238,766	5,497,116	2,746,117	3,088,408
Other Instruction	409,371	306,805	336,939	265,719
School Sponsored Activities and Athletics	865,317	778,712	865,317	776,808
Support Services				
Student and Instruction Related Services	4,468,086	4,114,083	3,978,450	3,682,310
General Administration	853,216	824,124	802,131	799,720
School Administration Services	2,007,054	1,850,285	1,834,692	1,675,800
Central and Other Support Services	927,914	840,299	898,062	822,335
Plant Operation and Maintenance	3,979,209	3,971,247	3,979,209	3,960,568
Pupil Transportation	907,675	865,280	839,405	788,985
Interest on Debt	145,533	158,376	145,533	158,376
<b>Total Governmental Activities</b>	<b>\$ 32,010,853</b>	<b>\$ 30,765,528</b>	<b>\$ 26,913,443</b>	<b>\$ 26,067,891</b>

### Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2012 was \$973,554. These costs were funded by charges for services of \$865,720 (85%) and operating grants of \$148,648 (15%), as detailed in the change in net assets schedule.

Total business-type activities revenues and transfers surpassed expenses, increasing net assets by \$46,274 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 \$3,921,731 at June 30, 2012 compared to a combined fund balance of \$3,068,394 at June 30, 2011.

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

Fiscal Year Ended June 30, 2012

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Revenues for the District's governmental funds were \$33,331,834, while total expenditures were \$32,573,536.

#### 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, 2012 and 2011

	<u>2012</u>	<u>2011</u>	Amount of Increase (Decrease)	Percent Change
<b>Revenues</b>				
Local Sources:				
Property Tax Levy	\$ 27,423,555	\$ 26,912,223	\$ 511,332	2%
Tuition	95,327	1,400	93,927	6709%
Transportation	11,430	14,103	(2,673)	-19%
Interest	14,735	33,376	(18,641)	-56%
Miscellaneous	69,196	282,365	(213,169)	-75%
State Sources	4,037,889	3,288,016	749,873	23%
Federal Sources	<u>79,489</u>	<u>-</u>	<u>79,489</u>	100%
<b>Total Revenues</b>	<u>\$ 31,731,621</u>	<u>\$ 30,531,483</u>	<u>\$ 1,200,138</u>	4%

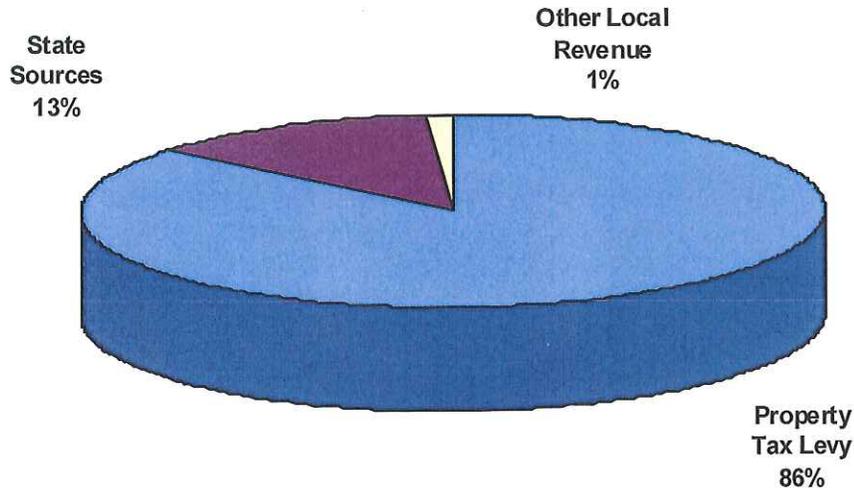
The majority of revenues come from property taxes which accounted for 86% of total revenue while state sources represented 13% of total revenue for the 2012 fiscal year.

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

Fiscal Year Ended June 30, 2012

### 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, 2012 and 2011

	<u>2012</u>	<u>2011</u>	Amount of Increase (Decrease)	Percent Change
<b>Expenditures</b>				
Instruction	\$ 17,715,951	\$ 17,035,975	\$ 679,976	4%
Support Services	12,436,852	11,711,615	725,237	6%
Debt Service	55,515	69,799	(14,284)	-20%
Capital Outlay	<u>732,731</u>	<u>301,403</u>	<u>431,328</u>	143%
<b>Total Expenditures</b>	<u>\$ 30,941,049</u>	<u>\$ 29,118,792</u>	<u>\$ 1,822,257</u>	6%

Total General Fund expenditures increased \$1,822,257 or 6% from the previous year. Instruction represented 57% of total expenditures while support services accounted for 40% of total expenditures for the 2012 fiscal year.

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

### Fiscal Year Ended June 30, 2012

For the 2011-2012 school year general fund revenues and other financing sources exceeded expenditures and other financing uses by \$885,625. After adjusting for restricted and assigned fund balances, the unassigned fund balance decreased from \$203,491 at June 30, 2011 to \$104,153 at June 30, 2012. Consequently, the district has \$1,245,520 of restricted excess surplus from the current year operations compared to \$366,087 excess surplus at June 30, 2011 from prior year (2010/2011) operations.

### CAPITAL PROJECTS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of fiscal years 2012 and 2011, the school district had invested in land, buildings, furniture, machinery and equipment as follows:

#### Capital Assets As of June 30, 2012 and 2011

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</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	2,277,710	2,088,275	\$ 191,208	\$ 191,208	2,468,918	2,279,483
Construction in Progress	652,784	136,800	-	-	652,784	136,800
<b>Total</b>	<b>32,564,764</b>	<b>31,859,345</b>	<b>191,208</b>	<b>191,208</b>	<b>32,755,972</b>	<b>32,050,553</b>
Less: Accumulated Depreciation	(11,242,913)	(10,712,348)	(107,551)	(100,001)	(11,350,464)	(10,812,349)
<b>Total</b>	<b>\$ 21,321,851</b>	<b>\$ 21,146,997</b>	<b>\$ 83,657</b>	<b>\$ 91,207</b>	<b>\$ 21,405,508</b>	<b>\$ 21,238,204</b>

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

### Fiscal Year Ended June 30, 2012

**Debt Administration.** As of June 30, 2012 and 2011 the school district had long-term debt and outstanding long-term liabilities in the amount of \$4,154,025 and \$4,428,775 as follows:

#### Outstanding Long-Term Liabilities

As of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Serial Bonds Payable	\$ 3,775,000	\$ 4,130,000
Capital Leases Payable	111,890	65,128
Compensated Absences Payable	<u>267,135</u>	<u>233,647</u>
Total	<u>\$ 4,154,025</u>	<u>\$ 4,428,775</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**

**Fiscal Year Ended June 30, 2012**

### **GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)**

- Appropriation of unassigned fund balance of \$190,819.
- Withdrawal of \$325,000 from capital reserve.
- Appropriation of additional Special Education and Equalization State Aid in the amount of \$288,063.
- Appropriation of Educational Jobs Fund Federal Aid in the amount of \$79,489.
- Appropriation of \$1,500 of restricted miscellaneous revenue.

General Fund budgetary basis revenues exceeded budgetary basis expenditures and other financing uses, increasing budgetary basis fund balance \$950,939 from the previous year. After deducting restricted and assigned fund balances, the unassigned budgetary fund balance decreased \$34,024 from \$789,898 at June 30, 2011 to \$755,874 at June 30, 2012. In addition, the District restricted fund balance for excess surplus of \$1,245,520 at June 30, 2012 compared to \$366,087 excess surplus at June 30, 2011.

### **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 2012-2013. Budgeted expenditures in the General Fund increased approximately five percent (5%) to \$30,722,895 in fiscal year 2012-2013.

# **NEW MILFORD BOARD OF EDUCATION**

## **Management Discussion and Analysis**

**Fiscal Year Ended June 30, 2012**

### **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

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**NEW MILFORD BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,941,428	\$ 503,379	\$ 5,444,807
Receivables, Net:			
Receivables from Other Governments	529,223	16,046	545,269
Other	21,861	436	22,297
Inventory		765	765
Deferred Charges	57,597		57,597
Capital Assets Not Being Depreciated	3,907,784		3,907,784
Capital Assets, Being Depreciation	<u>17,414,067</u>	<u>83,657</u>	<u>17,497,724</u>
Total Assets	<u>26,871,960</u>	<u>604,283</u>	<u>27,476,243</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,474,758	50,760	1,525,518
Payable to Other Governments	63,396		63,396
Accrued Interest Payable	63,091		63,091
Unearned Revenue	32,627	5,939	38,566
Noncurrent Liabilities :			
Due Within One Year	448,757		448,757
Due Beyond One Year	<u>3,817,658</u>	<u>-</u>	<u>3,817,658</u>
Total Liabilities	<u>5,900,287</u>	<u>56,699</u>	<u>5,956,986</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	17,385,818	83,657	17,469,475
Restricted for:			
Capital Projects	1,089,926		1,089,926
Plant Maintenance	501,513		501,513
Unrestricted	<u>1,994,416</u>	<u>463,927</u>	<u>2,458,343</u>
Total Net Assets	<u>\$ 20,971,673</u>	<u>\$ 547,584</u>	<u>\$ 21,519,257</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, 2012**

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
<b>Governmental Activities</b>							
Instruction:							
Regular	\$ 12,208,712	\$ 95,327	\$ 1,721,124		\$ (10,487,588)	\$	\$ (10,487,588)
Special Education	5,238,766		2,397,322		(2,746,117)		(2,746,117)
Other Instruction	409,371		72,432		(336,939)		(336,939)
School Sponsored Activities and Athletics	865,317				(865,317)		(865,317)
Support Services							
Student and Instruction Related Services	4,468,086		489,636		(3,978,450)		(3,978,450)
General Administrative Services	853,216		51,085		(802,131)		(802,131)
School Administrative Services	2,007,054		172,362		(1,834,692)		(1,834,692)
Central and Other Support Services	927,914		29,852		(898,062)		(898,062)
Plant Operations and Maintenance	3,979,209				(3,979,209)		(3,979,209)
Pupil Transportation	907,675	11,430	56,840		(839,405)		(839,405)
Interest on Debt	145,533	-	-		(145,533)		(145,533)
<b>Total Governmental Activities</b>	<b>32,010,853</b>	<b>106,757</b>	<b>4,990,653</b>	<b>-</b>	<b>(26,913,443)</b>	<b>-</b>	<b>(26,913,443)</b>
<b>Business-Type Activities</b>							
Food Service	645,761	516,655	148,648			\$ 19,542	19,542
Latch Key Program	301,876	318,530				16,654	16,654
Summer Enrichment Program	11,472	12,525				1,053	1,053
After School Enrichment Program	14,445	18,010				3,565	3,565
<b>Total Business-Type Activities</b>	<b>973,554</b>	<b>865,720</b>	<b>148,648</b>	<b>-</b>	<b>-</b>	<b>40,814</b>	<b>40,814</b>
<b>Total Primary Government</b>	<b>\$ 32,984,407</b>	<b>\$ 972,477</b>	<b>\$ 5,139,301</b>	<b>\$ -</b>	<b>(26,913,443)</b>	<b>40,814</b>	<b>(26,872,629)</b>

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, 2012

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 27,423,555		\$ 27,423,555
Levied for Debt Service	488,862		488,862
State Aid, Unrestricted	238,062		238,062
Interest Income	14,749	704	15,453
Miscellaneous Income	69,196		69,196
Transfers	(4,756)	4,756	-
	<u>28,229,668</u>	<u>5,460</u>	<u>28,235,128</u>
Total General Revenues and Transfers			
Change in Net Assets	1,316,225	46,274	1,362,499
Net Assets, Beginning of Year	<u>19,655,448</u>	<u>501,310</u>	<u>20,156,758</u>
Net Assets, End of Year	<u>\$ 20,971,673</u>	<u>\$ 547,584</u>	<u>\$ 21,519,257</u>

**FUND FINANCIAL STATEMENTS**

**NEW MILFORD BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,888,594		\$ 52,834		\$ 4,941,428
Receivables, Net					
Receivables from Other Governments	42,820	\$ 486,403			529,223
Accounts	14,161	7,700			21,861
Due from Other Funds	<u>301,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,803</u>
Total Assets	<u>\$ 5,247,378</u>	<u>\$ 494,103</u>	<u>\$ 52,834</u>	<u>\$ -</u>	<u>\$ 5,794,315</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 882,525	\$ 96,277			\$ 978,802
Accrued Salaries and Wages	397,326				397,326
Compensated Absences Payable	77,714				77,714
Payable to State Government		63,396			63,396
Deferred Revenue		32,627			32,627
Due to Other Funds	<u>20,916</u>	<u>301,803</u>	<u>-</u>	<u>-</u>	<u>322,719</u>
Total Liabilities	<u>1,378,481</u>	<u>494,103</u>	<u>-</u>	<u>-</u>	<u>1,872,584</u>
<b>Fund Balances</b>					
<b>Restricted Fund Balance</b>					
Capital Reserve	1,042,742				1,042,742
Maintenance Reserve	501,513				501,513
Emergency Reserve	285,199				285,199
Reserved Excess Surplus	1,245,520				1,245,520
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	366,087				366,087
Capital Projects			52,834		52,834
<b>Assigned Fund Balance</b>					
Year End Encumbrances	323,683				323,683
Unassigned Fund Balance	<u>104,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,153</u>
Total Fund Balances	<u>3,868,897</u>	<u>-</u>	<u>52,834</u>	<u>-</u>	<u>3,921,731</u>
Total Liabilities and Fund Balances	<u>\$ 5,247,378</u>	<u>\$ 494,103</u>	<u>\$ 52,834</u>	<u>\$ -</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 \$32,564,764 and the accumulated depreciation is \$11,242,913.

21,321,851

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:

(63,091)

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	\$ 3,887,390
Less: Deferred Charge for Issuance Costs	(57,597)
Capital Leases Payable	111,890
Compensated Absences	<u>267,135</u>

(4,208,818)

Net Assets of Governmental Activities

\$ 20,971,673

**NEW MILFORD BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 27,423,555			\$ 488,862	\$ 27,912,417
Tuition	95,327				95,327
Transportation Fees	11,430				11,430
Interest	14,735		\$ 14		14,749
Miscellaneous	69,196	\$ 7,700	-	-	76,896
Total - Local Sources	27,614,243	7,700	14	488,862	28,110,819
State Sources	4,037,889	410,137			4,448,026
Federal Sources	79,489	693,500	-	-	772,989
Total Revenues	31,731,621	1,111,337	14	488,862	33,331,834
<b>EXPENDITURES</b>					
Instruction					
Regular	11,691,906	445,080			12,136,986
Special Education	4,779,788	448,774			5,228,562
Other Instruction	381,441	27,930			409,371
School-Sponsored Activities and Athletics	862,816				862,816
Support Services					
Student and Instruction Related Services	4,292,384	165,348			4,457,732
General Administrative Services	832,704				832,704
School Administrative Services	2,014,296				2,014,296
Central and Other Support Services	885,538				885,538
Plant Operations and Maintenance	3,552,439				3,552,439
Pupil Transportation	859,491	24,205			883,696
Debt Service					
Principal	53,033			355,000	408,033
Interest and Other Charges	2,482			166,150	168,632
Capital Outlay	732,731	-	-	-	732,731
Total Expenditures	30,941,049	1,111,337	-	521,150	32,573,536
Excess (Deficiency) of Revenues Over (Under) Expenditures	790,572	-	14	(32,288)	758,298
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Lease Proceeds	99,795				99,795
Transfers In	14				14
Transfers Out	(4,756)	-	(14)	-	(4,770)
Total Other Financing Sources and Uses	95,053	-	(14)	-	95,039
Net Change in Fund Balances	885,625	-	-	(32,288)	853,337
Fund Balance, Beginning of Year	2,983,272	-	52,834	32,288	3,068,394
Fund Balance, End of Year	\$ 3,868,897	\$ -	\$ 52,834	\$ -	\$ 3,921,731

**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, 2012**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ 853,337**

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 capital outlay exceeds depreciation in the current period.

Capital Outlay	\$ 732,731
Depreciation Expense	<u>(530,565)</u>

202,166

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

Disposal of Capital Assets, Net of Accumulated Depreciation	(27,312)
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(27,312)

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	(33,488)
----------------------	----------

(33,488)

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	53,033
Serial Bonds	<u>355,000</u>

408,033

The issuance of long-term debt provides current financial resources to governmental funds, however these transactions have no effect in the Statement of Net Assets. Also, governmental funds report the effect of

Capital Lease Proceeds	(99,795)
------------------------	----------

(99,795)

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	(9,815)
Deferred Amount on Refunding	(11,932)
Original Issue Premium	<u>31,085</u>

9,338

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>3,946</u>
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3,946

**Change in net assets of governmental activities**

**\$ 1,316,225**

**NEW MILFORD BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

	<u>Business-Type Activities - Enterprise Fund</u>			
	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Non-Major Enterprise Funds</u>	<u>Totals</u>
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 117,330	\$ 370,863	\$ 15,186	\$ 503,379
Intergovernmental Receivable				
Federal	15,201			15,201
State	845			845
Accounts Receivable- Other		436		436
Inventories	765	-	-	765
	<u>134,141</u>	<u>371,299</u>	<u>15,186</u>	<u>520,626</u>
Total Current Assets				
Capital Assets				
Equipment	55,363	135,845		191,208
Less: Accumulated Depreciation	(50,284)	(57,267)	-	(107,551)
	<u>5,079</u>	<u>78,578</u>	<u>-</u>	<u>83,657</u>
Total Capital Assets				
	<u>5,079</u>	<u>78,578</u>	<u>-</u>	<u>83,657</u>
Total Assets	<u>139,220</u>	<u>449,877</u>	<u>15,186</u>	<u>604,283</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	43,925	3,115		47,040
Accrued Salary and Wages		3,720		3,720
Unearned Revenue	89	-	5,850	5,939
	<u>44,014</u>	<u>6,835</u>	<u>5,850</u>	<u>56,699</u>
Total Current Liabilities				
	<u>44,014</u>	<u>6,835</u>	<u>5,850</u>	<u>56,699</u>
<b>NET ASSETS</b>				
Invested in Capital Assets	5,079	78,578		83,657
Unrestricted	90,127	364,464	9,336	463,927
	<u>95,206</u>	<u>443,042</u>	<u>9,336</u>	<u>547,584</u>
Total Net Assets	<u>\$ 95,206</u>	<u>\$ 443,042</u>	<u>\$ 9,336</u>	<u>\$ 547,584</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, 2012**

	<u>Business-Type Activities - Enterprise Fund</u>			
	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Non-Major Enterprise Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for Services				
Daily Sales	\$ 516,655			\$ 516,655
Program Fees	-	\$ 318,530	\$ 30,535	349,065
	<u>516,655</u>	<u>318,530</u>	<u>30,535</u>	<u>865,720</u>
<b>OPERATING EXPENSES</b>				
Salaries and Employee Benefits	256,635	252,125	18,553	527,313
Cost of Sales	261,392			261,392
Purchased Management Services	75,493			75,493
Other Purchased Services	30,124	1,780	497	32,401
Supplies and Materials	21,711	40,827	6,867	69,405
Depreciation	406	7,144	-	7,550
	<u>645,761</u>	<u>301,876</u>	<u>25,917</u>	<u>973,554</u>
Operating Income (Loss)	<u>(129,106)</u>	<u>16,654</u>	<u>4,618</u>	<u>(107,834)</u>
<b>NONOPERATING REVENUES</b>				
Federal Sources				
National School Lunch Program	142,012			142,012
State Sources				
State School Lunch Program	6,636			6,636
Interest	484	213	7	704
	<u>149,132</u>	<u>213</u>	<u>7</u>	<u>149,352</u>
Income Before Transfers	20,026	16,867	4,625	41,518
Transfers	-	-	4,756	4,756
Change in Net Assets	20,026	16,867	9,381	46,274
Total Net Assets (Deficit), Beginning of Year	<u>75,180</u>	<u>426,175</u>	<u>(45)</u>	<u>501,310</u>
Total Net Assets, End of Year	<u>\$ 95,206</u>	<u>\$ 443,042</u>	<u>\$ 9,336</u>	<u>\$ 547,584</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, 2012**

	<b>Business-Type Activities - Enterprise Fund</b>			
	<b>Food Service</b>	<b>Latchkey Program</b>	<b>Non-Major Enterprise Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 516,655	\$ 320,125	\$ 32,085	\$ 868,865
Cash Payments for Employees' Salaries and Benefits	(256,635)	(254,128)	(19,119)	(529,882)
Cash Payments to Suppliers for Goods and Services	(353,489)	(40,010)	(7,364)	(400,863)
Net Cash Provided by (Used for) Operating Activities	(93,469)	25,987	5,602	(61,880)
<b>Cash Flows from Noncapital Financing Activities</b>				
Cash Received from State and Federal Subsidy Reimbursements	113,066			113,066
Cash Received from Other Funds	-	-	4,756	4,756
Net Cash Provided by Noncapital Financing Activities	113,066	-	4,756	117,822
<b>Cash Flows from Investing Activities</b>				
Interest Received	484	213	7	704
Net Cash Provided by Investing Activities	484	213	7	704
Net Increase in Cash and Cash Equivalents	20,081	26,200	10,365	56,646
Cash and Cash Equivalents, Beginning of Year	97,249	344,663	4,821	446,733
Cash and Cash Equivalents, End of Year	<u>\$ 117,330</u>	<u>\$ 370,863</u>	<u>\$ 15,186</u>	<u>\$ 503,379</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating Income (Loss)	\$ (129,106)	\$ 16,654	\$ 4,618	\$ (107,834)
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)	27,326			27,326
Change in Assets and Liabilities				
(Increase)/Decrease in Accounts Receivable		1,595		1,595
(Increase)/Decrease in Inventory	1,259			1,259
Increase/(Decrease) in Accounts Payable	8,581	2,597		11,178
Increase/(Decrease) in Accrued Salary and Wages		(2,003)	(566)	(2,569)
Increase/(Decrease) in Unearned Revenue	(1,935)	-	1,550	(385)
Total Adjustments	35,637	9,333	984	45,954
Net Cash Provided by (Used for) Operating Activities	<u>\$ (93,469)</u>	<u>\$ 25,987</u>	<u>\$ 5,602</u>	<u>\$ (61,880)</u>
<b>Non-Cash Investing, Capital and Financing Activities</b>				
Value Received - Food Distribution Program	\$ 25,392			

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, 2012**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Private Purpose Scholarship <u>Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,014	\$ 183,090	\$ 404,021
Due from Other Funds	<u>20,916</u>	<u>-</u>	<u>-</u>
Total Assets	<u>22,930</u>	<u>183,090</u>	<u>404,021</u>
<b>LIABILITIES</b>			
Intergovernmental Accounts Payable	14,486		
Employee Deposits Payable			\$ 256,953
Payroll Deductions and Withholdings			56
Due to Student Groups	<u>-</u>	<u>-</u>	<u>147,012</u>
Total Liabilities	<u>14,486</u>	<u>-</u>	<u>\$ 404,021</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 8,444</u>	<u>\$ 183,090</u>	

**NEW MILFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Private Purpose Scholarship <u>Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 90,152	
Employee	36,616	
Private		\$ 59,990
Investment Earnings		
Interest	<u>55</u>	<u>349</u>
Total Additions	<u>126,823</u>	<u>60,339</u>
<b>DEDUCTIONS</b>		
Scholarship Awards		53,850
Unemployment Claims and Contributions	<u>144,196</u>	<u>-</u>
Total Deductions	<u>144,196</u>	<u>53,850</u>
Change in Net Assets	(17,373)	6,489
Net Assets, Beginning of Year	<u>25,817</u>	<u>176,601</u>
Net Assets, End of Year	<u>\$ 8,444</u>	<u>\$ 183,090</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, 2012**

**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, various enrichment programs 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 (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. 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, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds and the food service and the latchkey enterprise funds to be major funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. 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, 2012**

**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 capital facilities and other capital assets, other than those financed by the proprietary funds.

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 funds which are organized to be self-supporting through user charges:

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

The *after school enrichment fund* accounts for the activities of the District's after school program which provides various enrichment programs during the school year.

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, 2012**

**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 of the non-major enrichment enterprise funds 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.

*Tuition Expenditures* - Tuition charges for the fiscal years 2010-2011 and 2011-2012 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.

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity**

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 1<sup>st</sup> 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.

Land and construction in progress are not depreciated. The other 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

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**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***

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**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.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Fund Equity (Continued)**

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, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 original budget certified for taxes.

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that was 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.

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 restricted, committed or assigned to specific purposes within the governmental funds.

**8. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**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.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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 for review and approval prior to adoption 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 2011/2012. During 2011/2012 the Board increased the original general fund budget by \$1,341,634. The increase was funded by additional surplus appropriated, capital reserve withdrawal, additional State and Federal Aid awards, additional restricted miscellaneous fees and the reappropriation of prior year general fund encumbrances. During the fiscal year authorized and approved additional fund balance appropriations of \$29,412 and \$161,407 from the general fund were made on August 15, 2011 and February 27, 2012, respectively.

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 6, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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, 2012**

**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, 2012 is as follows:

Balance, July 1, 2011		\$ 1,032,089
Increases:		
Interest Earnings	\$ 537	
Approved by Board Resolution	300,000	
Unexpended Funds Returned	<u>35,116</u>	
		<u>335,653</u>
		1,367,742
Withdrawals:		
Approved by Board Resolution		<u>325,000</u>
Balance, June 30, 2012		<u>\$ 1,042,742</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the District's Long Range Facilities Plan.

**C. Transfers to Capital Outlay**

During the 2011/2012 school year, the district transferred \$325,000 to the capital outlay facilities acquisition and construction services accounts. The transfer was made from a withdrawal from the capital reserve account approved by the Board on March 9, 2012 to fund an approved facilities project in the District's Long Range Facilities Plan.

**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, 2012 is \$1,611,607. Of this amount, \$366,087 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$1,245,520 will be appropriated in the 2013/2014 original budget certified for taxes.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 the lesser 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, 2012, the book value of the Board's deposits was \$6,033,932 and bank balances of the Board's cash and deposits amounted to \$6,199,795. 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>6,199,795</u>
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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, 2012 none of the Board's bank balances were 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, 2012, 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, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2012 for the district's individual major funds, nonmajor, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Total</u>
Receivables:					
Intergovernmental:					
State	\$ 32,635	\$ 1,655	\$ 845		\$ 35,135
Federal	10,185	484,748	15,201		510,134
Accounts	<u>14,161</u>	<u>7,700</u>	<u>-</u>	\$ 436	<u>22,297</u>
Gross Receivables	56,981	494,103	16,046	436	567,566
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 56,981</u>	<u>\$ 494,103</u>	<u>\$ 16,046</u>	<u>\$ 436</u>	<u>\$ 567,566</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	\$ 761
Grant Draw Downs Reserved for Encumbrances	<u>31,866</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 32,627</u>

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance, July 1, 2011	Increases	Decreases	Balance, June 30, 2012
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,255,000			\$ 3,255,000
Construction in Progress	136,800	\$ 515,984	-	652,784
Total Capital Assets, Not Being Depreciated	<u>3,391,800</u>	<u>515,984</u>	<u>-</u>	<u>3,907,784</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	2,088,275	216,747	\$ (27,312)	2,277,710
Total Capital Assets Being Depreciated	<u>28,467,545</u>	<u>216,747</u>	<u>(27,312)</u>	<u>28,656,980</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(8,768,726)	(392,530)		(9,161,256)
Land Improvements	(713,399)	(42,247)		(755,646)
Machinery and Equipment	(1,230,223)	(95,788)	-	(1,326,011)
Total Accumulated Depreciation	<u>(10,712,348)</u>	<u>(530,565)</u>	<u>-</u>	<u>(11,242,913)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,755,197</u>	<u>(313,818)</u>	<u>(27,312)</u>	<u>17,414,067</u>
Government Activities Capital Assets, Net	<u>\$ 21,146,997</u>	<u>\$ 202,166</u>	<u>\$ (27,312)</u>	<u>\$ 21,321,851</u>
	Balance, July 1, 2011	Increases	Decreases	Balance, June 30, 2012
<b>Business-Type Activities:</b>				
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	(100,001)	\$ (7,550)	-	(107,551)
Total Accumulated Depreciation	<u>(100,001)</u>	<u>(7,550)</u>	<u>-</u>	<u>(107,551)</u>
Total Capital Assets, Being Depreciated, Net	<u>91,207</u>	<u>(7,550)</u>	<u>-</u>	<u>83,657</u>
Business-Type Activities Capital Assets, Net	<u>\$ 91,207</u>	<u>\$ (7,550)</u>	<u>\$ -</u>	<u>\$ 83,657</u>

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction	
Regular	\$ 43,712
Special	2,735
School-Sponsored/Other Instructional	2,501
Total Instruction	<u>48,948</u>

Support Services	
Student and Instruction Related Services	1,018
General Administration	324
School Administration	8,864
Operations and Maintenance of Plant	411,833
Student Transportation	28,468
Business/Central Services	31,110
Total Support Services	<u>481,617</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 530,565</u>
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**Business-Type Activities:**

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

Total Depreciation Expense-Business-Type Activities	<u>\$ 7,550</u>
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**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2012, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 301,803
Unemployment Compensation Trust Fund	General Fund	<u>20,916</u>
Total		<u>\$ 322,719</u>

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

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

**Interfund transfers**

	<u>Transfers In:</u>	
	<u>General</u>	<u>After School Enrichment Enterprise Fund</u>
Transfers Out:		
General Fund		\$ 4,756
Capital Projects Fund	<u>\$ 14</u>	<u>-</u>
	<u>\$ 14</u>	<u>\$ 4,756</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Leases**

**Capital Leases**

The District is leasing building equipment and a school bus totaling \$259,795 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building Improvements	\$ 160,000
Machinery and Equipment	<u>99,795</u>
 Total	 <u>\$ 259,795</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 55,515
2014	21,078
2015	21,078
2016	<u>21,078</u>
 Total minimum lease payments	 118,749
Less: amount representing interest	<u>6,859</u>
Present value of minimum lease payments	<u>\$ 111,890</u>

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**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, 2012 are comprised of the following issues:

\$4,515,000, 2009 Refunding Bonds, due in annual installments of \$370,000 to \$440,000 through August 15, 2020, interest at 4.00% to 5.00% \$3,775,000

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

**Governmental Activities:**

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	440,000	77,800	517,800
2018-2022	<u>1,725,000</u>	<u>137,300</u>	<u>1,862,300</u>
	<u>\$ 3,775,000</u>	<u>\$ 710,925</u>	<u>\$ 4,485,925</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 79,377,779
Less: Net Debt Issued	<u>3,775,000</u>
Remaining Borrowing Power	<u>\$ 75,602,779</u>

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Bonds Payable	\$ 4,130,000		\$ 355,000	\$ 3,775,000	\$ 370,000
Add:					
Unamortized Premium	213,491		31,085	182,406	
Less:					
Unamortized Amount on Refunding	<u>(81,948)</u>	-	<u>(11,932)</u>	<u>(70,016)</u>	-
	4,261,543	-	374,153	3,887,390	370,000
Capital Leases	65,128	\$ 99,795	53,033	111,890	52,044
Compensated Absences	<u>233,647</u>	<u>95,112</u>	<u>61,624</u>	<u>267,135</u>	<u>26,713</u>
Governmental Activity Long-Term Liabilities	<u>\$ 4,560,318</u>	<u>\$ 194,907</u>	<u>\$ 488,810</u>	<u>\$ 4,266,415</u>	<u>\$ 448,757</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

**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.

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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>
2012	\$ 90,152	\$ 36,616	\$ 144,196	\$ 8,444
2011	149,215	26,619	200,150	25,817
2010	131,101	27,684	127,855	49,949

**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.

**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, 2012, 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, 2012, 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:

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**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 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.

**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](http://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.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**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.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 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.

**Actuarial Methods and Assumptions**

In the July 1, 2010 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 5.91 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 6.5% for PERS, 6.5% 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, 2012 for TPAF, which is a cost sharing plan with special funding situations, the 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.

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

During the years ended June 30, 2012, 2011 and 2010 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 June 30,</u>	<u>PERS</u>	<u>On-behalf TPAF</u>	<u>DCRP</u>
2012	\$ 374,848	\$ 379,750	\$ 10,470
2011	345,284	34,241	7,440
2010	269,484	39,176	281

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$379,750 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$34,241 and \$39,176, 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 \$888,296 during the year ended June 30, 2012 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.

**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 547 ~~514~~ state and local participating employers and contributing entities for Fiscal Year 2011.

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.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**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](http://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. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**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 July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 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.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

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 July 1, 2010, 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, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

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, 2012, 2011 and 2010 were \$763,398, \$727,274 and \$735,773, 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, 2012**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 27,423,555		\$ 27,423,555	\$ 27,423,555	
Tuition	58,076		58,076	95,327	\$ 37,251
Transportation Fees	15,000		15,000	11,430	(3,570)
Interest				14,017	14,017
Interest Earned on Capital Reserve				537	537
Interest Earned on Maintenance Reserve				181	181
Miscellaneous	50,000	\$ 1,500	51,500	69,196	17,696
<b>Total Local Sources</b>	<b>27,546,631</b>	<b>1,500</b>	<b>27,548,131</b>	<b>27,614,243</b>	<b>66,112</b>
State Sources					
Special Education Aid	1,175,124	40,409	1,215,533	1,215,533	-
Equalization Aid		247,654	247,654	247,654	-
Extraordinary Aid	425,000	-	425,000	572,043	147,043
Nonpublic Transportation Aid				32,635	32,635
Anti-Bullying Aid				3,894	3,894
TPAF Pension Benefits Contribution (Non-Budget)				342,947	342,947
TPAF Pension - NCGI Premium (Non-Budget)				36,803	36,803
TPAF Post Retirement Medical Contribution (Non-Budget)				763,398	763,398
TPAF Social Security Contributions (Non-Budget)	-	-	-	888,296	888,296
<b>Total State Sources</b>	<b>1,600,124</b>	<b>288,063</b>	<b>1,888,187</b>	<b>4,103,203</b>	<b>2,215,016</b>
Federal Sources					
Medicaid Reimbursement	17,000	-	17,000		(17,000)
Educational Jobs	-	79,489	79,489	79,489	-
<b>Total Federal Sources</b>	<b>17,000</b>	<b>79,489</b>	<b>96,489</b>	<b>79,489</b>	<b>(17,000)</b>
<b>Total Revenues</b>	<b>29,163,755</b>	<b>369,052</b>	<b>29,532,807</b>	<b>31,796,935</b>	<b>2,264,128</b>
<b>EXPENDITURES</b>					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	428,148	(23,129)	405,019	405,019	
Grades 1-5	2,439,631	188,201	2,627,832	2,541,945	85,887
Grades 6-8	1,802,329	(186,819)	1,615,510	1,690,241	(74,731)
Grades 9-12	2,935,122	58,176	2,993,298	2,992,391	907
Regular Programs - Home Instruction					
Salaries of Teachers	2,500	2,870	5,370	5,370	
Purchased Professional/Educational Services	10,000	(4,181)	5,819	3,604	2,215
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	9,600	3,150	12,750	11,968	782
Purchased Professional/Educational Services	27,525	3,989	31,514	31,123	391
Purchased Technical Services	675		675	345	330
Other Purchased Services	61,000	66,559	127,559	127,137	422
General Supplies	302,585	143,014	445,599	390,123	55,476
Textbooks	157,001	50,013	207,014	167,571	39,443
Other Objects	12,170	(2,796)	9,374	8,703	671
<b>Total Regular Programs</b>	<b>8,188,286</b>	<b>299,047</b>	<b>8,487,333</b>	<b>8,375,540</b>	<b>111,793</b>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES (Continued)</b>					
CURRENT (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers		\$ 133,783	\$ 133,783	\$ 133,783	
Other Salaries for Instruction		22,913	22,913	22,913	
General Supplies		7,644	7,644	6,503	\$ 1,141
Textbooks	-	3,666	3,666	-	3,666
<b>Total Learning and/or Language Disabilities</b>	<b>-</b>	<b>168,006</b>	<b>168,006</b>	<b>163,199</b>	<b>4,807</b>
Multiple Disabilities					
Salaries of Teachers	\$ 214,230	(108,730)	105,500	104,582	918
Other Salaries for Instruction	38,610	(10,624)	27,986	27,986	
General Supplies	25,020	(19,008)	6,012	6,012	
Textbooks	6,200	(385)	5,815	4,015	1,800
<b>Total Multiple Disabilities</b>	<b>284,060</b>	<b>(138,747)</b>	<b>145,313</b>	<b>142,595</b>	<b>2,718</b>
Resource Room/Resource Center					
Salaries of Teachers	970,265	3,226	973,491	973,491	
Other Salaries for Instruction	171,189	(43,840)	127,349	127,349	
General Supplies	9,630	4,990	14,620	10,535	4,085
Textbooks	5,000	(2,750)	2,250	-	2,250
<b>Total Resource Room/Resource Center</b>	<b>1,156,084</b>	<b>(38,374)</b>	<b>1,117,710</b>	<b>1,111,375</b>	<b>6,335</b>
Autism					
Salaries of Teachers	109,025	21,676	130,701	130,701	
Other Salaries for Instruction	139,252	47,714	186,966	185,910	1,056
<b>Total Autism</b>	<b>248,277</b>	<b>69,390</b>	<b>317,667</b>	<b>316,611</b>	<b>1,056</b>
Preschool Disabilities - Part-Time					
Salaries of Teachers	59,685	(418)	59,267	59,267	
Other Salaries for Instruction	31,095	(5,899)	25,196	25,196	
General Supplies	2,250	(476)	1,774	694	1,080
<b>Total Preschool Disabilities - Part-Time</b>	<b>93,030</b>	<b>(6,793)</b>	<b>86,237</b>	<b>85,157</b>	<b>1,080</b>
Home Instruction					
Salaries of Teachers	2,500	(2,500)			
Purchased Professional Educational Services	8,000	8,298	16,298	11,662	4,636
<b>Total Home Instruction</b>	<b>10,500</b>	<b>5,798</b>	<b>16,298</b>	<b>11,662</b>	<b>4,636</b>
<b>Total Special Education</b>	<b>1,791,951</b>	<b>59,280</b>	<b>1,851,231</b>	<b>1,830,599</b>	<b>20,632</b>
Basic Skills/Remedial					
Salaries of Teachers	101,880	59,320	161,200	159,690	1,510
<b>Total Basic Skills/Remedial</b>	<b>101,880</b>	<b>59,320</b>	<b>161,200</b>	<b>159,690</b>	<b>1,510</b>
Bilingual Education					
Salaries of Teachers	111,170	3,715	114,885	114,885	
Other Purchased Services	500		500		500
General Supplies	620	-	620	350	270
<b>Total Bilingual Education</b>	<b>112,290</b>	<b>3,715</b>	<b>116,005</b>	<b>115,235</b>	<b>770</b>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
School Sponsored Co/Extra Curricular Activities					
Salaries	\$ 129,450	\$ 4,765	\$ 134,215	\$ 134,215	
Purchased Services	7,950	4,473	12,423	8,296	\$ 4,127
Supplies and Materials	7,020	31,721	38,741	3,429	35,312
Other Objects	2,500	-	2,500	1,257	1,243
<b>Total School Sponsored Co/Extra Curricular Activities</b>	<b>146,920</b>	<b>40,959</b>	<b>187,879</b>	<b>147,197</b>	<b>40,682</b>
School Sponsored Athletics					
Salaries	342,922	(10,366)	332,556	329,782	2,774
Purchased Services	116,150	1,961	118,111	93,858	24,253
Supplies and Materials	39,893	12,964	52,857	51,631	1,226
Other Objects	8,750	-	8,750	7,238	1,512
<b>Total School Sponsored Athletics</b>	<b>507,715</b>	<b>4,559</b>	<b>512,274</b>	<b>482,509</b>	<b>29,765</b>
Instructional Alternative Ed Prog - Instruction					
Salaries	24,750	13,550	38,300	37,634	666
Purchased Professional and Technical Services	20,000	(9,231)	10,769		10,769
General Supplies	-	10	10	8	2
<b>Total Instructional/Alternative Ed Prog - Instruction</b>	<b>44,750</b>	<b>4,329</b>	<b>49,079</b>	<b>37,642</b>	<b>11,437</b>
<b>Total Instruction</b>	<b>10,893,792</b>	<b>471,209</b>	<b>11,365,001</b>	<b>11,148,412</b>	<b>216,589</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Special	1,233,742	(236,725)	997,017	977,736	19,281
Tuition to County Voc. School Dist.-Regular	404,425	(25,735)	378,690	378,690	
Tuition to County Voc. School Dist.- Special	156,242	(45,666)	110,576	57,980	52,596
Tuition to CSSD & Reg. Day Schools	404,090	(20,699)	383,391	333,364	50,027
Tuition to Priv. Sch. Disabled - Within State	805,031	35,732	840,763	832,840	7,923
Tuition to Priv. Sch. Disabled & Other LEAs- Outside State	61,320	(564)	60,756	60,756	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,064,850</b>	<b>(293,657)</b>	<b>2,771,193</b>	<b>2,641,366</b>	<b>129,827</b>
Attendance and Social Work					
Salaries	85,764	1,456	87,220	85,249	1,971
Purchased Professional and Technical Services	27,500	(2,636)	24,864	21,928	2,936
Other Purchased Services	2,500	787	3,287	3,240	47
Supplies and Materials	4,536	29	4,565	4,565	-
<b>Total Attendance and Social Work</b>	<b>120,300</b>	<b>(364)</b>	<b>119,936</b>	<b>114,982</b>	<b>4,954</b>
Health Services					
Salaries	295,080	1,820	296,900	296,147	753
Purchased Professional and Technical Services	25,750	(3,347)	22,403	22,362	41
Other Purchased Services	300		300		300
Supplies and Materials	4,088	(1)	4,087	3,016	1,071
Other Objects	500	(472)	28	-	28
<b>Total Health Services</b>	<b>325,718</b>	<b>(2,000)</b>	<b>323,718</b>	<b>321,525</b>	<b>2,193</b>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**EXHIBIT C-1**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Speech, OT, PT & Related Serv.					
Salaries	\$ 235,455	\$ 19,545	\$ 255,000	\$ 244,605	\$ 10,395
Purchased Professional/Educational Services	172,143	(40,502)	131,641	116,929	14,712
Supplies and Materials	2,475	-	2,475	2,442	33
Total Speech, OT, PT, & Related Serv.	<u>410,073</u>	<u>(20,957)</u>	<u>389,116</u>	<u>363,976</u>	<u>25,140</u>
Other Support Services - Students - Extra Serv.					
Salaries	554,331	(107,265)	447,066	443,053	4,013
Purchased Professional/Educational Services	324,700	(907)	323,793	216,684	107,109
Total Other Supp.Serv. Student - Extra Serv.	<u>879,031</u>	<u>(108,172)</u>	<u>770,859</u>	<u>659,737</u>	<u>111,122</u>
Guidance					
Salaries of Other Professional Staff	268,440	89,305	357,745	357,745	
Salaries of Secretarial & Clerical Assistants	47,557	4,795	52,352	52,352	
Other Purchased Professional and Technical Svs.	4,510	(2,441)	2,069	2,069	
Other Purchased Services	800	(800)			
Supplies and Materials	8,730	635	9,365	8,241	1,124
Other Objects	500	400	900	900	-
Total Guidance	<u>330,537</u>	<u>91,894</u>	<u>422,431</u>	<u>421,307</u>	<u>1,124</u>
Child Study Team					
Salaries of Other Professional Staff	593,761	8,049	601,810	586,763	15,047
Salaries of Secretarial & Clerical Assistants	112,796	904	113,700	113,485	215
Purchased Professional-Educational Services	89,500	9,175	98,675	80,846	17,829
Other Purchased Professional and Technical Svs.	11,200	(9,100)	2,100	693	1,407
Misc Purchased Services	2,500	721	3,221	1,638	1,583
Supplies and Materials	18,775	(3,920)	14,855	12,394	2,461
Other Objects	400	-	400	-	400
Total Child Study Team	<u>828,932</u>	<u>5,829</u>	<u>834,761</u>	<u>795,819</u>	<u>38,942</u>
Educational Media/School Library					
Salaries	240,564	57,951	298,515	298,515	
Salaries of Technology Coordinators	107,800	-	107,800	107,800	
Purchased Professional and Technical Services	16,200	1,764	17,964	17,869	95
Supplies and Materials	41,927	(2,379)	39,548	37,589	1,959
Other Objects	200	-	200	-	200
Total Educational Media/School Library	<u>406,691</u>	<u>57,336</u>	<u>464,027</u>	<u>461,773</u>	<u>2,254</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	18,000	49,342	67,342	67,342	
Purchased Professional-Educational Services	3,500	65,064	68,564	67,718	846
Other Purchased Services	6,000	(1,975)	4,025	3,949	76
Total Instructional Staff Training Services	<u>27,500</u>	<u>112,431</u>	<u>139,931</u>	<u>139,009</u>	<u>922</u>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**EXHIBIT C-1**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 450,746		\$ 450,746	\$ 450,746	
Legal Services	65,000	\$ (1,017)	63,983	34,357	\$ 29,626
Audit Fees	30,000	23,980	53,980	29,047	24,933
Architectural / Engineering Services	15,000	(10,954)	4,046	782	3,264
Other Purchased Professional Services	22,000	15,032	37,032	31,430	5,602
Purchased Technical Services	3,000	(2,055)	945	945	
Communications/Telephone	56,000		56,000	16,083	39,917
BOE Other Purchased Services	6,000	214	6,214	5,113	1,101
Miscellaneous Purchased Services	23,000	(8,844)	14,156	11,785	2,371
General Supplies	9,340	2,649	11,989	11,989	
BOE In-House Training/Meeting Supplies	900	142	1,042	1,012	30
Judgements Against District	50,000	(50,000)			
Miscellaneous Expenditures	4,250	(150)	4,100	4,039	61
BOE Membership Dues and Fees	14,500	150	14,650	14,180	470
<b>Total Support Services General Administration</b>	<b>749,736</b>	<b>(30,853)</b>	<b>718,883</b>	<b>611,508</b>	<b>107,375</b>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog Director	734,261	(699)	733,562	733,562	
Salaries of Other Professional Staff	319,948	54,990	374,938	332,804	42,134
Salaries of Secretarial and Clerical Assistants	309,742	13,118	322,860	320,431	2,429
Other Purchased Services	31,645	(835)	30,810	18,682	12,128
Supplies and Materials	34,050	(1,461)	32,589	30,674	1,915
Other Objects	14,505	(641)	13,864	9,412	4,452
<b>Total Support Services School Administration</b>	<b>1,444,151</b>	<b>64,472</b>	<b>1,508,623</b>	<b>1,445,565</b>	<b>63,058</b>
Undistributed Expenditures - Central Services					
Salaries	320,578	3,693	324,271	324,271	
Purchased Professional Services	2,000	(2,000)			
Purchased Technical Services	30,477	(12,727)	17,750	17,750	
Misc. Purchased Services	4,200	(1,153)	3,047	2,980	67
Supplies and Materials	8,550	6,159	14,709	14,709	
Miscellaneous Expenditures	1,625	-	1,625	1,414	211
<b>Total Undistributed Expenditures - Central Services</b>	<b>367,430</b>	<b>(6,028)</b>	<b>361,402</b>	<b>361,124</b>	<b>278</b>
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	113,776	25,500	139,276	139,276	
Purchased Professional Services	7,000	796	7,796	7,796	
Purchased Technical Services	52,295	13,478	65,773	55,773	10,000
Other Purchased Services	73,633	5,529	79,162	78,912	250
Supplies and Materials	67,015	22,383	89,398	61,383	28,015
<b>Total Undistributed Expenditures - Admin. Info. Tech.</b>	<b>313,719</b>	<b>67,686</b>	<b>381,405</b>	<b>343,140</b>	<b>38,265</b>
Required Maintenance for School Facilities					
Salaries	317,721	443	318,164	306,690	11,474
Cleaning, Repair and Maintenance Services	216,900	262,299	479,199	227,840	251,359
General Supplies	69,000	32,945	101,945	85,307	16,638
<b>Total Required Maintenance for School Facilities</b>	<b>603,621</b>	<b>295,687</b>	<b>899,308</b>	<b>619,837</b>	<b>279,471</b>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**EXHIBIT C-1**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 941,676	\$ 28,513	\$ 970,189	\$ 962,642	\$ 7,547
Salaries of Non-Instructional Aides	125,000	11,402	136,402	136,402	
Purchased Professional-Technical Services	10,000	6,866	16,866	9,866	7,000
Cleaning, Repair and Maintenance Services	100,600	5,414	106,014	87,185	18,829
Other Purchased Property Services	21,000	9,982	30,982	27,180	3,802
Insurance	245,000	(28,992)	216,008	211,654	4,354
Miscellaneous Purchased Services	3,200		3,200	3,145	55
General Supplies	83,700	20,842	104,542	96,481	8,061
Energy (Natural Gas)	440,000	(93,348)	346,652	182,699	163,953
Energy (Electricity)	355,000		355,000	308,213	46,787
Other Objects	500	-	500	350	150
<b>Total Custodial Services</b>	<u>2,325,676</u>	<u>(39,321)</u>	<u>2,286,355</u>	<u>2,025,817</u>	<u>260,538</u>
Care and Upkeep of Grounds					
Salaries	147,499	(7,631)	139,868	139,855	13
Cleaning, Repair and Maintenance Services	64,000	(24,710)	39,290	38,681	609
<b>Total Care and Upkeep of Grounds</b>	<u>211,499</u>	<u>(32,341)</u>	<u>179,158</u>	<u>178,536</u>	<u>622</u>
Security					
Purchased Professional-Technical Services		96,794	96,794	65,121	31,673
Cleaning, Repair and Maintenance Services	59,433	(15,133)	44,300	41,984	2,316
General Supplies	4,000	(4,000)			
Other Objects	-	29,133	29,133	23,000	6,133
<b>Total Security</b>	<u>63,433</u>	<u>106,794</u>	<u>170,227</u>	<u>130,105</u>	<u>40,122</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	42,000	300	42,300	37,922	4,378
Salaries for Pupil Transportation (Between Home and School) - Regular	47,980	(1,180)	46,800	46,461	339
Salaries for Pupil Transportation (Between Home and School) - Spec. Ed.	62,615	(15,315)	47,300	46,826	474
Salaries for Pupil Transportation (Other Than Between Home and School)	139,910	2,390	142,300	120,085	22,215
Other Purchased Professional and Technical Svs.	1,800	3,285	5,085	2,776	2,309
Cleaning, Repair and Maintenance Services	38,000	(3,285)	34,715	26,642	8,073
Lease Purchase Payment - School Buses	150,860	(48,360)	102,500	21,078	81,422
Contracted Services - Aid in Lieu of Payments-Nonpublic Schools		127,272	127,272	127,114	158
Contracted Services (Between Home and School) - Vendors		13,800	13,800	13,016	784
Contracted Services (Other Than Between Home and School) - Vendors	15,050	(10,000)	5,050		5,050
Contracted Services (Between Home and School) - Joint Agreement	100,160	(20,000)	80,160	73,452	6,708
Contracted Services (Special Ed Students) - Joint Agreement	320,000	(85,003)	234,997	234,888	109
Miscellaneous Purchased Services-Transportation	7,100	-	7,100	6,700	400
General Supplies	500	610	1,110	1,015	95
Transportation Supplies	20,000	1,600	21,600	21,600	
Other Objects	1,250	220	1,470	1,470	-
<b>Total Student Transportation Services</b>	<u>947,225</u>	<u>(33,666)</u>	<u>913,559</u>	<u>781,045</u>	<u>132,514</u>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits- Employee Benefits					
Group Insurance		\$ 3,010	\$ 3,010	\$ 3,010	
Social Security Contributions	\$ 365,000	33,902	398,902	398,902	
Other Retirement Contributions - PERS	360,000	14,848	374,848	374,848	
Other Retirement Contributions - Regular	7,000	4,092	11,092	10,470	\$ 622
Unemployment Compensation		90,152	90,152	90,152	-
Workmen's Compensation	169,725	(2,625)	167,100	156,844	10,256
Health Benefits	3,621,002	(260,423)	3,360,579	3,344,819	15,760
Tuition Reimbursement	51,400	15,000	66,400	46,120	20,280
Other Employee Benefits	169,000	(10,451)	158,549	152,737	5,812
<b>Total Unallocated Benefits</b>	<b>4,743,127</b>	<b>(112,495)</b>	<b>4,630,632</b>	<b>4,577,902</b>	<b>52,730</b>
On-Behalf (Non-Budget)					
TPAF Pension Benefit Contribution (Non-Budget)				342,947	(342,947)
TPAF Pension - NCGI Premium (Non-Budget)				36,803	(36,803)
TPAF Post Retirement Medical Contribution (Non-Budget)				763,398	(763,398)
TPAF Social Security Contributions (Non-Budget)	-	-	-	888,296	(888,296)
<b>Total On-Behalf</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,031,444</b>	<b>(2,031,444)</b>
<b>Total Undistributed Expenditures</b>	<b>18,163,249</b>	<b>122,275</b>	<b>18,285,524</b>	<b>19,025,517</b>	<b>(739,993)</b>
<b>Total Current Expenditures</b>	<b>29,057,041</b>	<b>593,484</b>	<b>29,650,525</b>	<b>30,173,929</b>	<b>(523,404)</b>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 1-5	10,200	(5,332)	4,868	4,868	
Grades 6-8	11,100	(9,425)	1,675	1,675	
Grades 9-12	38,200	7,659	45,859	45,859	
Undistributed					
Central Services		17,556	17,556	17,556	
Admin. Info. Tech.		7,740	7,740	7,740	
Custodial Services	18,000	57,281	75,281	20,720	54,561
Care and Upkeep of Grounds		23,710	23,710	23,709	1
School Buses - Regular	-	93,105	93,105	-	93,105
<b>Total Equipment</b>	<b>77,500</b>	<b>192,294</b>	<b>269,794</b>	<b>122,127</b>	<b>147,667</b>
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		115,000	115,000	92,400	22,600
Construction Services		436,100	436,100	423,584	12,516
Other Objects	29,214	-	29,214	29,214	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>29,214</b>	<b>551,100</b>	<b>580,314</b>	<b>545,198</b>	<b>35,116</b>
Assets Acquired Under Capital Leases (Non Budgeted)					
Undistributed Expenditures					
Transportation	-	-	-	99,795	(99,795)
<b>Total Assets Acquired Under Capital Leases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,795</b>	<b>(99,795)</b>
<b>Total Capital Outlay</b>	<b>106,714</b>	<b>743,394</b>	<b>850,108</b>	<b>767,120</b>	<b>82,988</b>
<b>Total General Fund</b>	<b>29,163,755</b>	<b>1,336,878</b>	<b>30,500,633</b>	<b>30,941,049</b>	<b>(440,416)</b>

NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final To Actual
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	\$ (967,826)	\$ (967,826)	\$ 855,886	\$ 1,823,712
Other Financing Sources (Uses)					
Capital Leases Proceeds				99,795	99,795
Transfers In				14	14
Transfer Out	-	(4,756)	(4,756)	(4,756)	-
Total Other Financing Sources (Uses)	-	(4,756)	(4,756)	95,053	99,809
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	-	(972,582)	(972,582)	950,939	1,923,521
Fund Balance, Beginning of Year	\$ 3,569,679	-	3,569,679	3,569,679	-
Fund Balance, End of Year	\$ 3,569,679	\$ (972,582)	2,597,097	4,520,618	\$ 1,923,521

**Reconciliation of Governmental Funds Statements (GAAP)**

Restricted Fund Balance					
Capital Reserve				\$ 1,042,742	
Maintenance Reserve				501,513	
Emergency Reserve				285,199	
Reserved Excess Surplus				1,245,520	
Reserved Excess Surplus Designated for Subsequent Year's Expenditures				366,087	
Assigned Fund Balance					
Year End Encumbrances				323,683	
Unassigned Fund Balance				755,874	
Fund Balance- Budgetary Basis				4,520,618	
Less: State Aid Revenue not recognized on GAAP basis				(651,721)	
Fund Balance per Governmental Funds Statements (GAAP)				\$ 3,868,897	

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
EDUCATION JOBS FUND PROGRAM  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Modified Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Federal Sources					
Education Jobs Fund	-	\$ 79,489	\$ 79,489	\$ 79,489	-
Total Revenues	-	79,489	79,489	79,489	-
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Grades 6-8 Salaries of Teachers	-	79,489	79,489	79,489	-
Total Instruction	-	79,489	79,489	79,489	-
Total Expenditures	-	79,489	79,489	79,489	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**NEW MILFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 746,166	\$ (281,989)	\$ 464,177	\$ 409,276	\$ (54,901)
Federal	734,170	120,663	854,833	712,130	(142,703)
Local	-	7,700	7,700	7,700	-
Total Revenues	<u>1,480,336</u>	<u>(153,626)</u>	<u>1,326,710</u>	<u>1,129,106</u>	<u>(197,604)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers		53,983	53,983	53,886	97
Purchased Professional/Technical Services	651,284	(265,943)	385,341	314,899	70,442
Other Purchased Services	785,626	(312,359)	473,267	473,267	-
General Supplies		166,120	166,120	78,399	87,721
Textbooks	43,426	(9,376)	34,050	30,154	3,896
Total Instruction	<u>1,480,336</u>	<u>(367,575)</u>	<u>1,112,761</u>	<u>950,605</u>	<u>162,156</u>
Support Services					
Salaries of Other Professional Staff		10,800	10,800	9,927	873
Purchased Professional/Technical Services		149,057	149,057	126,118	22,939
Other Purchased Services		14,554	14,554	11,257	3,297
Supplies and Materials		22,699	22,699	21,199	1,500
Other Objects	-	6,335	6,335	-	6,335
Total Support Services	<u>-</u>	<u>203,445</u>	<u>203,445</u>	<u>168,501</u>	<u>34,944</u>
Unallocated Benefits					
Employee Benefits	-	10,061	10,061	10,000	61
Facilities Acquisition and Equipment					
Instructional Equipment	-	443	443	-	443
Total Facilities Acquisition and Equipment	<u>-</u>	<u>443</u>	<u>443</u>	<u>-</u>	<u>443</u>
Total Expenditures	<u>1,480,336</u>	<u>(153,626)</u>	<u>1,326,710</u>	<u>1,129,106</u>	<u>197,604</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, 2012**

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.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 31,796,935	\$ 1,129,106
<b>Difference - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances June 30, 2012		(31,866)
Encumbrances June 30, 2011		14,097
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements. 2010/2011 State Aid	586,407	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements. 2011/2012 State Aid	<u>(651,721)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 31,731,621</u>	<u>\$ 1,111,337</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 30,941,049	\$ 1,129,106
<b>Differences - Budget to GAAP</b>		
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, 2012		(31,866)
Encumbrances June 30, 2011	<u>-</u>	<u>14,097</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 30,941,049</u>	<u>\$ 1,111,337</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, 2012

Character	Ch. 192 Svcs.						Ch. 193 Svcs.			Grand Total 2012
	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Compensatory Education	Nonpublic ESL	Nonpublic Transport	Nonpublic Home Instruction	Nonpublic Supplemental Instruction	Nonpublic Exam./Classification	Nonpublic Corrective Speech	
157	\$ 47,407	\$ 30,154	\$ 132,717	\$ 27,930	\$ 24,205	\$ 1,655	\$ 42,302	\$ 62,467	\$ 40,282	\$ 712,130
	-	-	-	-	-	-	-	-	-	7,700
	\$ 47,407	\$ 30,154	\$ 132,717	\$ 27,930	\$ 24,205	\$ 1,655	\$ 42,302	\$ 62,467	\$ 40,282	\$ 719,830
Total Revenues										\$ 1,129,106
<b>EXPENDITURES</b>										
<b>Instruction</b>										
Salaries of Teachers							\$ 42,302	\$ 62,467	\$ 40,282	\$ 53,886
Purchased Professional & Technical Services	\$ 47,407		\$ 132,717	\$ 27,930	\$ 24,205	\$ 1,655				9,201
Other Purchased Services										400,000
General Supplies		\$ 30,154								78,242
Textbooks										30,154
Total Instruction	\$ 47,407	\$ 30,154	\$ 132,717	\$ 27,930	\$ 24,205	\$ 1,655	\$ 42,302	\$ 62,467	\$ 40,282	\$ 541,329
<b>Support Services</b>										
Salaries of Other Professional Staff										9,927
Personal Services Employee-Benefits										10,000
Purchased Professional & Technical Services										126,118
Other Purchased Services										11,257
Supplies and Materials										21,199
Total Support Services										178,501
Total Expenditures	\$ 47,407	\$ 30,154	\$ 132,717	\$ 27,930	\$ 24,205	\$ 1,655	\$ 42,302	\$ 62,467	\$ 40,282	\$ 719,830

(Continued)

**NEW MILFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Title I	Title IIA	Title IID	IDEA Part B- Basic	IDEA Part B Preschool	ARRA Title I	IDEA ARRA Basic	IDEA ARRA Preschool	Title III	NJEA Prize	Total
<b>REVENUES</b>											
Intergovernmental											
State	\$ 85,421	\$ 36,431	\$ 46	\$ 514,205	\$ 26,666	\$ 1,541	\$ 26,730	\$ 1,724	\$ 19,366	\$ 7,700	\$ 712,130
Federal											7,700
Local Sources	\$ 85,421	\$ 36,431	\$ 46	\$ 514,205	\$ 26,666	\$ 1,541	\$ 26,730	\$ 1,724	\$ 19,366	\$ 7,700	\$ 719,830
<b>EXPENDITURES</b>											
Instruction											
Salaries of Teachers	\$ 49,000			\$ 4,886							\$ 53,886
Purchased Professional & Technical Services	9,201										9,201
Other Purchased Services				400,000							400,000
General Supplies	14,274	\$ 1,462		5,362	10,306	\$ 1,541	\$ 26,730	\$ 1,724	\$ 16,843		78,242
Textbooks											
Other Objects											
Total Instruction	72,475	1,462		405,362	15,192	1,541	26,730	1,724	16,843		541,329
Support Services											
Salaries of Other Professional Staff					9,927						9,927
Personal Services Employee-Benefits	10,000										10,000
Purchased Professional & Technical Services		17,275		108,843							126,118
Other Purchased Services	2,946	7,695							616		11,257
Supplies and Materials		9,999	\$ 46		1,547				1,907	\$ 7,700	21,199
Total Support Services	12,946	34,969	46	108,843	11,474				2,523	7,700	178,501
Total Expenditures	\$ 85,421	\$ 36,431	\$ 46	\$ 514,205	\$ 26,666	\$ 1,541	\$ 26,730	\$ 1,724	\$ 19,366	\$ 7,700	\$ 719,830

**NEW MILFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012

<u>Issue/ Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2012</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
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>\$ 12,611,991</u>	<u>\$ 12,559,157</u>	<u>\$ -</u>	<u>\$ 52,834</u>
<u>Reconciliation to GAAP Basis</u>				
Project Balance, June 30, 2012				\$ 52,834
Fund Balance, June 30, 2012 GAAP Basis				\$ 52,834

**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, 2012**

**Revenues and Other Financing Sources**

Interest on Investments	\$ <u>14</u>
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Total Revenues and Other Financing Sources	<u>14</u>
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**Expenditures and Other Financing Uses**

Transfers to General Fund	<u>14</u>
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Total Expenditures and Other Financing Uses	<u>14</u>
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Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-
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Fund Balance- Beginning of Year	<u>52,834</u>
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Fund Balance- Ending of Year	<u>\$ 52,834</u>
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**Reconciliation to GAAP Basis**

Fund Balance, June 30, 2012 - Budgetary Basis / GAAP Basis	<u>\$ 52,834</u>
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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, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
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>
<b>Expenditures and Other Financing Uses</b>				
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, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SDA Grant	\$ 394,379	\$ -	\$ 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>1,121,218</u>	<u>-</u>	<u>1,121,218</u>	<u>1,121,218</u>
Total Revenues and Other Financing Sources				
<b>Expenditures and Other Financing Uses</b>				
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>\$ 4,264</u>	<u>\$ -</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  
 ROOF REPLACEMENT PROJECT AT B.F.GIBBS ELEMENTARY SCHOOL  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SDA Grant	\$ 84,639	\$ -	\$ 84,639	\$ 84,639
Transfers from Capital Reserve	202,076	-	202,076	202,076
<b>Total Revenues and Other Financing Sources</b>	<u>286,715</u>	<u>-</u>	<u>286,715</u>	<u>286,715</u>
<b>Expenditures and Other Financing Uses</b>				
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
<b>Total Expenditures and Other Financing Uses</b>	<u>280,631</u>	<u>-</u>	<u>280,631</u>	<u>286,715</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<u>\$ 6,084</u>	<u>\$ -</u>	<u>\$ 6,084</u>	<u>\$ -</u>

**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, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SDA Grant	\$ 189,316	\$ -	\$ 189,316	\$ 189,316
Transfers from Capital Reserve	<u>315,252</u>	<u>-</u>	<u>315,252</u>	<u>315,252</u>
Total Revenues and Other Financing Sources	<u>504,568</u>	<u>-</u>	<u>504,568</u>	<u>504,568</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	55,719		55,719	55,720
Construction Services	411,000		411,000	435,000
Other Object	<u>1,013</u>	<u>-</u>	<u>1,013</u>	<u>13,848</u>
Total Expenditures and Other Financing Uses	<u>467,732</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>\$ 36,836</u>	<u>\$ -</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, 2012**

	Non-Major Enterprise Funds		
	Broadway Kids Summer Program	After School Enrichment Program	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,865	\$ 8,321	\$ 15,186
Total Assets	6,865	8,321	15,186
<b>LIABILITIES</b>			
Current Liabilities			
Unearned Revenue	5,850	-	5,850
Total Liabilities	5,850	-	5,850
<b>NET ASSETS (DEFICIT)</b>			
Unrestricted	1,015	8,321	9,336
Total Net Assets	\$ 1,015	\$ 8,321	\$ 9,336

**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, 2012**

	<u>Non-Major Enterprise Funds</u>		
	<u>Broadway Kids Summer Program</u>	<u>After School Enrichment Program</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services Program Fees	\$ 12,525	\$ 18,010	\$ 30,535
	<u>12,525</u>	<u>18,010</u>	<u>30,535</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Salaries and Employee Benefits	8,750	9,803	18,553
Other Purchased Services	-	497	497
Supplies	2,722	4,145	6,867
	<u>11,472</u>	<u>14,445</u>	<u>25,917</u>
Total Operating Expenses			
Operating Income	<u>1,053</u>	<u>3,565</u>	<u>4,618</u>
<b>NONOPERATING REVENUES</b>			
Interest	<u>7</u>	<u>-</u>	<u>7</u>
Total Nonoperating Revenues	<u>7</u>	<u>-</u>	<u>7</u>
Income Before Transfers	1,060	3,565	4,625
Transfers In - General Fund	<u>-</u>	<u>4,756</u>	<u>4,756</u>
Change in Net Assets	1,060	8,321	9,381
Total Net Assets (Deficit), Beginning of Year	<u>(45)</u>	<u>-</u>	<u>(45)</u>
Total Net Assets, End of Year	<u>\$ 1,015</u>	<u>\$ 8,321</u>	<u>\$ 9,336</u>

**NEW MILFORD BOARD OF EDUCATION  
ENTERPRISE FUND - NON-MAJOR  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Non-Major Enterprise Funds</b>		
	<b>Broadway Kids Summer Program</b>	<b>After School Enrichment Program</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 14,075	\$ 18,010	\$ 32,085
Cash Payments for Employees Salaries & Benefits	(9,316)	(9,803)	(19,119)
Cash Payments to Suppliers for Goods and Services	(2,722)	(4,642)	(7,364)
Net Cash Provided by Operating Activities	<u>2,037</u>	<u>3,565</u>	<u>5,602</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from Other Funds	-	4,756	4,756
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>4,756</u>	<u>4,756</u>
<b>Cash Flows from Investing Activities</b>			
Interest Received	7	-	7
Net Cash Provided by Investing Activities	<u>7</u>	<u>-</u>	<u>7</u>
Net Increase in Cash and Cash Equivalents	2,044	8,321	10,365
Cash and Cash Equivalents, Beginning of Year	4,821	-	4,821
Cash and Cash Equivalents, End of Year	<u>\$ 6,865</u>	<u>\$ 8,321</u>	<u>\$ 15,186</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income	\$ 1,053	\$ 3,565	\$ 4,618
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Increase/(Decrease) in Accrued Salaries and Wages	(566)	-	(566)
Increase/(Decrease) in Unearned Revenue	1,550	-	1,550
Total Adjustments	<u>984</u>	<u>-</u>	<u>984</u>
Net Cash Provided by Operating Activities	<u>\$ 2,037</u>	<u>\$ 3,565</u>	<u>\$ 5,602</u>

**FIDUCIARY FUNDS**

**NEW MILFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 147,012	\$ 257,009	\$ 404,021
Total Assets	<u>\$ 147,012</u>	<u>\$ 257,009</u>	<u>\$ 404,021</u>
<b>LIABILITIES</b>			
Employee Deposits Payable		\$ 256,953	\$ 256,953
Payroll Deductions and Withholdings		56	56
Due to Student Groups	<u>\$ 147,012</u>	<u>-</u>	<u>147,012</u>
Total Liabilities	<u>\$ 147,012</u>	<u>\$ 257,009</u>	<u>\$ 404,021</u>

**NEW MILFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012**

	Balance, July 1, <u>2011</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, June 30, <u>2012</u>
ELEMENTARY SCHOOLS	\$ 8,327	\$ 2,336		\$ 10,663
BERKLEY SCHOOL	9,851	3,319	\$ 2,164	11,006
MIDDLE SCHOOL	25,355	88,306	81,518	32,143
HIGH SCHOOL				
Activity Account	102,779	224,633	266,207	61,205
Athletic Account	<u>(899)</u>	<u>88,360</u>	<u>55,466</u>	<u>31,995</u>
Total All Schools	<u>\$ 145,413</u>	<u>\$ 406,954</u>	<u>\$ 405,355</u>	<u>\$ 147,012</u>

**NEW MILFORD BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance,</u> <u>July 1,</u> <u>2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30,</u> <u>2012</u>
<b>ASSETS</b>				
Cash	\$ 205,417	\$ 19,120,400	\$ 19,068,808	\$ 257,009
Total Assets	<u>\$ 205,417</u>	<u>\$ 19,120,400</u>	<u>\$ 19,068,808</u>	<u>\$ 257,009</u>
<b>LIABILITIES</b>				
Employee Deposits Payable	\$ 203,731	\$ 263,284	\$ 210,062	\$ 256,953
Accrued Salaries and Wages		11,278,841	11,278,841	
Payroll Deductions and Withholdings	131	7,577,101	7,577,176	56
Due to Other Funds	<u>1,555</u>	<u>1,174</u>	<u>2,729</u>	<u>-</u>
Total Liabilities	<u>\$ 205,417</u>	<u>\$ 19,120,400</u>	<u>\$ 19,068,808</u>	<u>\$ 257,009</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, 2012

<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, 2011</u>	<u>Issued</u>	<u>Decreased</u>	<u>Balance, June 30, 2012</u>
Refunding Bonds	4/15/2009	\$ 4,515,000	8/15/2012	\$ 370,000	4.00%	\$ 4,130,000	-	\$ 355,000	\$ 3,775,000
			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%				
						\$ 4,130,000	-	\$ 355,000	\$ 3,775,000
						\$ 4,130,000	\$ -	\$ 355,000	\$ 3,775,000

EXHIBIT I-2

NEW MILFORD BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2012</u>
2008 Wireless LAN and Physical Security	3.81%	\$ 160,000	\$ 65,128	-	\$ 31,955	\$ 33,173
2013 Model 31 Passenger School Bus	2.80%	99,795	-	99,795	21,078	78,717
			\$ 65,128	\$ 99,795	\$ 53,033	\$ 111,890

NEW MILFORD BOARD OF EDUCATION  
 DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources	\$ 488,862	-	\$ 488,862	\$ 488,862	-
Property Taxes					
Total Revenues	<u>488,862</u>	<u>-</u>	<u>488,862</u>	<u>488,862</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service	355,000		355,000	355,000	
Principal	166,150		166,150	166,150	
Interest on Bonds					
Total Expenditures	<u>521,150</u>	<u>-</u>	<u>521,150</u>	<u>521,150</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(32,288)</u>	<u>-</u>	<u>(32,288)</u>	<u>(32,288)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>32,288</u>	<u>-</u>	<u>32,288</u>	<u>32,288</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## 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 TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)

	2003	2004	2005	2006	Fiscal Year Ending June 30,		2010	2011	2012
					2007	2008			
<b>Governmental Activities</b>									
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	\$ 16,637,735	\$ 16,893,388	\$ 17,385,818
Restricted	693,396	606,976	966,309	533,065	755,976	776,832	1,003,566	1,612,894	1,591,439
Unrestricted	1,022,445	1,173,744	1,074,217	1,409,853	894,872	1,024,198	312,264	1,149,166	1,994,416
<b>Total Governmental Activities Net Assets</b>	<b>\$ 14,857,274</b>	<b>\$ 15,422,970</b>	<b>\$ 15,925,483</b>	<b>\$ 16,618,428</b>	<b>\$ 16,400,652</b>	<b>\$ 16,974,737</b>	<b>\$ 17,953,565</b>	<b>\$ 19,655,448</b>	<b>\$ 20,971,673</b>
<b>Business-Type Activities</b>									
Invested In Capital Assets, Net Of Related Debt	\$ 19,059	\$ 11,931	\$ 5,739				\$ 98,757	\$ 91,207	\$ 83,657
Restricted	89,571	91,878	142,949		299,124	353,580	324,040	410,103	463,927
Unrestricted	108,630	103,809	148,688	227,299	299,124	353,580	422,797	501,310	547,584
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 206,260</b>	<b>\$ 207,618</b>	<b>\$ 297,376</b>	<b>\$ 227,299</b>	<b>\$ 299,124</b>	<b>\$ 353,580</b>	<b>\$ 422,797</b>	<b>\$ 501,310</b>	<b>\$ 547,584</b>
<b>District-Wide</b>									
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	\$ 16,736,492	\$ 16,984,595	\$ 17,469,475
Restricted	693,396	606,976	966,309	533,065	755,976	776,832	1,003,566	1,612,894	1,591,439
Unrestricted	1,112,016	1,265,622	1,217,166	1,637,132	1,193,996	1,377,778	636,304	1,559,269	2,458,343
<b>Total District Net Assets</b>	<b>\$ 14,965,904</b>	<b>\$ 15,526,779</b>	<b>\$ 16,074,171</b>	<b>\$ 16,845,727</b>	<b>\$ 16,699,776</b>	<b>\$ 17,328,317</b>	<b>\$ 18,376,362</b>	<b>\$ 20,156,758</b>	<b>\$ 21,519,257</b>

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental Activities</b>										
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	\$ 12,208,712
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	5,238,766
Other Instruction	562,456	565,378	659,901	203,526	224,748	347,005	342,508	293,040	306,805	409,371
School Sponsored Activities and Athletics	447,285	481,678	506,264	686,965	667,662	745,705	770,039	804,498	778,712	865,317
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	4,468,086
General Administration Services	694,644	712,232	710,083	744,045	933,430	908,734	892,531	703,105	824,124	853,216
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	2,007,054
Central and Other Support Services	338,629	510,241	599,905	683,325	831,459	885,760	857,042	776,411	840,299	927,914
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	3,979,209
Pupil Transportation	669,044	760,068	763,172	825,499	803,672	893,246	866,951	844,057	865,280	907,675
Interest On Long-Term Debt	364,790	220,342	291,205	274,283	251,699	251,699	177,530	176,275	158,376	145,533
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	32,010,853
<b>Business-Type Activities:</b>										
Food Service	551,391	526,024	525,907	579,269	679,209	675,807	657,634	676,803	640,819	645,761
Latch Key Program	194,521	212,375	210,101	210,070	212,970	263,256	260,333	272,386	286,257	301,876
Summer Enrichment Program									6,685	11,472
After School Enrichment Program										14,445
Total Business-Type Activities Expense	745,912	738,399	736,008	789,339	892,179	939,063	917,967	949,189	933,761	973,554
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	\$ 32,984,407
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Special Education	\$ 58,081	\$ 80,618	\$ 51,164	\$ 27,601	\$ 7,549	\$ 4,056	\$ 14,718	\$ 67,608	\$ 1,400	\$ 95,327
Pupil Transportation	29,573	5,175	7,320	7,907	4,503	12,376	6,726	6,726	14,103	11,430
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	4,990,653
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	5,097,410
<b>Business-Type Activities:</b>										
Charges For Services										
Food Service	479,939	438,863	459,694	508,653	557,026	542,076	540,285	537,720	542,826	516,655
Latch Key Program	194,948	217,262	229,962	265,330	310,044	337,000	316,404	300,427	317,699	318,530
Summer Enrichment									6,640	12,525
After School Enrichment										18,010
Operating Grants And Contributions	70,717	77,453	91,231	91,867	91,964	111,241	111,575	128,535	144,535	148,648
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	1,014,368
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	\$ 6,111,778
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (16,326,342)	\$ (19,565,437)	\$ (20,177,190)	\$ (21,220,137)	\$ (23,408,842)	\$ (21,496,404)	\$ (25,103,989)	\$ (25,898,104)	\$ (26,067,891)	\$ (26,913,443)
Business-Type Activities	(308)	(4,821)	44,879	76,511	66,855	51,254	50,297	17,493	77,939	40,814
Total District-Wide Net Expense	\$ (16,326,650)	\$ (19,570,258)	\$ (20,132,311)	\$ (21,143,626)	\$ (23,341,987)	\$ (21,445,150)	\$ (25,053,692)	\$ (25,880,611)	\$ (25,989,952)	\$ (26,872,629)

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues And Other Changes In Net Assets</b>										
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	\$ 27,423,555
Property Taxes Levied For Debt Service	499,485	533,500	532,781	536,350	539,088	541,150	542,538	543,250	520,050	488,862
State Aid, Unrestricted		209,985	267,210	270,656	268,935	325,129	537,960	328,720	21,712	238,062
Investment Earnings	127,586	37,206	57,286	103,781	167,002	138,346	49,482	31,999	33,424	14,749
Miscellaneous Income	154,089	203,648	60,723	63,152	59,319	22,873	206,381	141,219	282,365	69,196
Donated Capital Assets		2,175								(4,756)
Transfers	28,848	(42,239)	(92,185)	-	-	-	-	-	-	-
Loss On Disposal Of Capital Assets	19,323,234	20,056,652	20,679,703	21,913,082	23,191,066	24,070,489	23,370,099	26,610,822	27,769,774	28,229,668
<b>Total Governmental Activities</b>										
Business-Type Activities:										
Investment Earnings	-	-	-	\$ 2,100	\$ 4,970	\$ 3,202	\$ 730	\$ 697	\$ 574	\$ 704
Transfers	-	-	-	-	4,970	3,202	-	-	-	4,756
<b>Total Business-Type Activities</b>										
<b>Total District-Wide</b>	<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>	<u>\$ 28,235,128</u>
<b>Change In Net Assets</b>										
Governmental Activities	\$ 2,996,892	\$ 491,215	\$ 502,513	\$ 692,945	\$ (217,776)	\$ 574,085	\$ 266,110	\$ 712,718	\$ 1,701,883	\$ 1,316,225
Business-Type Activities	(308)	(4,821)	44,879	78,611	71,825	54,456	51,027	18,190	78,513	46,274
<b>Total District</b>	<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>	<u>\$ 1,362,499</u>

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 3,441,061
Committed									327,900	
Assigned									267,173	323,683
Unassigned									203,491	104,153
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	\$ 3,868,897
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	\$ 52,834
Total All Other Governmental Funds	\$ 128,025	\$ 128,643	\$ 478,728	\$ 73,493	\$ 34,855	\$ 8,677	\$ 484,268	\$ 82,899	\$ 85,122	\$ 52,834

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 TEN FISCAL YEARS  
(Unaudited)

(modified accrual basis of accounting)

Fiscal Year Ending June 30.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
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	\$ 27,912,417
Tuition Charges	58,081	80,618	51,164	27,601	7,549	4,056		67,608	1,400	93,327
Transportation Fees	29,573	5,175	7,320	7,907	4,503	12,376	14,718	6,726	14,103	11,430
Interest Earnings	127,586	37,206	57,286	103,781	167,002	138,346	49,482	31,999	33,424	14,749
Miscellaneous	154,089	205,648	60,723	63,152	59,319	50,071	213,206	148,719	289,865	76,896
State Sources	6,130,928	4,253,713	4,434,794	4,760,585	5,321,320	5,470,708	4,400,708	4,824,655	3,665,601	4,448,026
Federal Sources	505,281	574,301	621,644	625,908	896,641	1,209,309	876,703	1,145,800	996,985	772,989
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	33,331,834
<b>Expenditures</b>										
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	12,136,986
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	5,228,562
Other Instruction	559,963	581,147	660,752	205,590	224,748	347,005	342,508	293,040	306,805	409,371
School Sponsored Activities And Athletics	444,400	480,253	504,794	685,460	666,075	743,463	767,565	801,972	776,169	862,816
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	4,457,732
General Administration	1,413,300	1,573,324	707,685	743,804	933,712	908,307	862,727	728,804	815,071	832,704
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	2,014,296
Central and Other Support Services	332,426	488,928	590,637	678,972	828,882	883,689	816,963	724,482	803,498	885,538
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	3,552,439
Pupil Transportation	688,735	744,739	782,800	790,711	766,947	854,025	838,796	815,313	809,375	883,696
Capital Outlay	8,440,616	492,721	520,867	1,080,534	344,041	695,888	723,958	757,372	346,411	732,731
Debt Service:										
Principal	225,000	240,000	250,000	402,858	381,327	390,970	441,856	488,564	404,707	408,033
Interest And Other Charges	303,672	293,500	282,781	277,452	274,811	258,369	240,896	155,297	185,142	168,632
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	32,573,536
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	758,298
<b>Other Financing Sources (Uses)</b>										
Premium On Notes	28,848			272,527	163,000	160,000				99,795
Capital Leases (Non-Budgeted)		69,985								
Capital Leases Refunded		(42,433)								
Refunding Bond Proceeds							4,515,000			
Premium on Refunding Bonds							(4,600,000)			
Payments To Escrow Agent							282,962			
Transfers In	162,648	59,900	598,930	150,364	3,809	753	517,567	4,925	48	14
Transfers Out	(162,648)	(59,900)	(598,930)	(150,364)	(3,809)	(753)	(517,567)	(4,925)	(48)	(4,770)
Total Other Financing Sources (Uses)	28,848	27,552	-	272,527	163,000	160,000	197,962	-	-	95,039
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	\$ 853,337
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%	1.81%

\* Noncapital expenditures are total expenditures less capital outlay.

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
2003	\$ 58,081	\$ 44,686	\$ 1,475	\$ 4,119	\$ 29,573				\$ 105,087	\$ 148,495	\$ 286,429
2004	64,463	37,200	1,400	3,324	5,175					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	57,496	242,627
2011	1,400	33,376	5,600		14,103	\$ 16,870		\$ 25,030	201,080	33,785	331,244
2012	95,327	14,735	5,600		11,430			31,050	10,745	21,801	190,688

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Farm	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate <sup>a</sup>
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
2012	3,766,500	1,721,056,000		-	-	86,754,500	3,736,200	128,832,200	1,944,145,400	1,331,073	1,945,476,473	1,920,143,605	1.451

Source: County Abstract of Ratables

<sup>a</sup> 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)*

Assessment Year	Direct Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
	New Milford School District	New Milford Borough	Bergen County	
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
2012	1.451	0.741	0.215	2.407

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	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bal Bay Realty, LTD	\$ 39,876,500	2.05%	\$ 988,474,788	
Brunetti, Jo Ann	33,940,700	1.74%		
NM Village LLC% Affiliated Mgmt Inc	24,000,000	1.23%	12,782,500	1.29%
Dorchester Manor	15,209,900	0.78%	8,075,000	0.82%
New Meditrust Co LLC % Woodcrest Hcc	14,250,400	0.73%		0.00%
Milford Arms	9,822,100	0.50%	6,000,000	0.61%
Inserra Associates	5,500,200	0.28%	3,602,000	0.36%
Brookchester Shopping Center	5,895,600	0.30%	2,300,000	0.23%
Canterbury Village		0.00%		0.00%
730 River Rd Prop c/o Curtis Corp	3,703,300	0.19%	2353100	0.24%
Lucerne-New Milford LLC	3,383,900	0.17%		0.00%
Public Service	3,276,000	0.17%	1,670,000	0.17%
Hackensack Water Co	2,504,100	0.13%		0.00%
Milford Plaza Jane Milanos			1,746,500	0.18%
Brookchester Apartments			136,355,000	13.79%
Mediplex of NJ			8,500,000	0.86%
Total	\$ 161,362,700	8.29%	\$ 183,384,100	18.55%

Source: District CAFR & Municipal Tax Assessor

**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		Percentage of Levy	Collections in Subsequent Years
		Amount	Amount		
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%	-
2012	27,912,417	27,912,417		100.00%	-

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General	Capital			
	Obligation Bonds	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	16,359	256
2012	3,775,000	111,890	3,886,890	16,448	236

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 eight 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  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST EIGHT FISCAL YEARS  
(UNAUDITED)**

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
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
2012	3,775,000	-	3,775,000	0.19%	230

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 eight 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, 2011  
(UNAUDITED)**

<u>Governmental Unit</u>	<u>Total Debt</u>
<b>Municipal Debt: (1)</b>	
New Milford Board of Education	\$ 3,775,000
Borough of New Milford	9,995,292
<b>Overlapping Debt Apportioned to the Municipality</b>	
<b>Bergen County: (2) and (3)</b>	
County of Bergen (A)	7,972,068
Bergen County Utilities Authority - Waste Water (B)	<u>5,262,019</u>
<b>Total direct and overlapping debt</b>	<u><u>\$ 27,004,379</u></u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2011 equalized value by the total 2011 equalized value for Bergen County
- (B) Overlapping Debt was computed based upon municipal flow to the Authority

**Sources:**

- (1) Borough of New Milford 2011 Annual Debt Statement
- (2) BCUA 2011 Audit
- (3) Bergen County 2011 Annual Debt Statement

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

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized valuation basis
	2009 \$ 2,041,594,533
	2010 1,975,393,378
	2011 1,936,345,481
	<u>\$ 5,953,333,392</u>
Average equalized valuation of taxable property	<u>\$ 1,984,444,464</u>
Debt limit (4 % of average equalization value)	\$ 79,377,779
Total Net Debt Applicable to Limit	<u>3,775,000</u>
Legal debt margin	<u>\$ 75,602,779</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 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	\$ 79,377,779
Total net debt applicable to limit	<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>	<u>3,775,000</u>
Legal debt margin	<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>	<u>\$ 75,602,779</u>
Total net debt applicable to the limit as a percentage of debt limit	15.82%	12.34%	10.61%	8.99%	7.61%	6.57%	5.76%	5.32%	5.03%	4.76%

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

**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>
2003	16,270	\$ 51,132	6.4%
2004	16,205	54,462	5.2%
2005	16,176	56,706	3.5%
2006	16,056	62,714	3.8%
2007	15,910	67,394	3.4%
2008	15,890	68,227	4.5%
2009	15,885	63,198	8.0%
2010	15,949	65,486	8.2%
2011	16,359	N/A	8.10%
2012	16,448	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

N/A - Not Available

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

Employer	2012		2003	
	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 SEVEN FISCAL YEARS**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction							
Regular	127	127	125	123	126	113	120
Special education	19	19	33	35	19	21	22
Other instruction	15	18	21	18	32	36	42
Support Services:							
Tuition							
Student & instruction related services	31	31	32	32	31	26	37
General administrative services	5	5	4	4	5	4	4
School administrative services	15	15	16	16	24	20	17
Business administrative services	6	6	6	6	7	6	8
Plant operations and maintenance	35	35	35	38	35	32	32
Pupil transportation	5	5	6	9	8	9	6
Child Care	14	14	19	19	22	23	21
<b>Total</b>	<b>271</b>	<b>275</b>	<b>297</b>	<b>300</b>	<b>309</b>	<b>290</b>	<b>309</b>

**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 seven 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 BOARD SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST SEVEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Operating Expenditures			Cost Per Pupil c	Percentage Change	Teaching Staff		Pupil/Teacher Ratio		Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
	a	b				Elementary		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)					
2006	1,987	\$ 25,749,733		\$ 12,959	N/A	184	21:01	19:01	1,979	1,910	N/A	N/A		
2007	1,991	28,715,101		14,422	11.29%	187	23:01	19:01	2,013	1,918	0.42%	0.42%	0.42%	
2008	2,025	29,313,013		14,476	0.37%	196	23:01	19:01	2,021	1,936	0.40%	0.40%	0.94%	
2009	2,122	29,094,983		13,711	-5.28%	184	21:01	19:01	1,979	1,910	-2.08%	-2.08%	-1.34%	
2010	2,101	30,939,776		14,726	7.40%	177	24:01	23:01	2,129	2,052	7.58%	7.58%	7.43%	
2011	2,131	30,082,429		14,117	-4.14%	170	24:01	20:01	2,131	2,058	0.09%	0.09%	0.29%	
2012	2,048	31,264,140		15,266	8.14%	184	22:01	20:01	2,048	1,990	-3.89%	-3.89%	-3.30%	

Source: District records

Note: a Enrollment based on annual October district count

b Operating expenditures equal total expenditures less debt service and capital outlay

c Cost per pupil represents operating expenditures divided by enrollment

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>District Building</u></b>							
<b><u>Elementary</u></b>							
Berkley Street School							
Square Feet	49,438	49,438	49,438	49,438	49,438	49,438	49,438
Capacity (students)	410	410	410	410	410	410	410
Enrollment	393	375	383	414	413	413	419
B.F. Gibbs School							
Square Feet	48,435	48,435	48,435	48,435	48,435	48,435	48,435
Capacity (students)	519	519	519	519	519	519	519
Enrollment	519	516	515	511	524	524	499
<b><u>Middle School</u></b>							
David E. Owens Middle School							
Square Feet	80,193	80,193	80,193	80,193	80,193	80,196	80,193
Capacity (students)	496	496	496	496	496	496	496
Enrollment	484	483	503	498	498	501	503
<b><u>High School</u></b>							
New Milford High School							
Square Feet	139,920	139,920	139,920	139,920	139,920	139,920	139,920
Capacity (students)	700	700	700	700	700	700	700
Enrollment	576	600	620	693	691	691	647

Number of Schools at June 30, 2012

  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 seven 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-XXXX

School Facilities	Project # (s)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Berkley Street Elementary	N/A	\$ 68,886	\$ 58,955	\$ 70,378	\$ 82,783	\$ 74,747	\$ 69,652	\$ 83,116	\$ 73,614	\$ 92,398	\$ 108,437
B. F. Gibbs Elementary	N/A	100,301	63,438	63,955	86,039	79,258	62,489	78,244	63,672	62,814	77,706
DFO Middle School	N/A	110,199	214,530	122,192	184,809	122,414	152,141	121,088	163,587	168,070	142,070
New Milford High School	N/A	306,376	180,608	330,982	368,976	1,255,859	306,517	220,719	226,591	254,586	291,624
<b>Total School Facilities</b>		<b>\$ 585,762</b>	<b>\$ 517,531</b>	<b>\$ 587,507</b>	<b>\$ 722,607</b>	<b>\$ 1,532,278</b>	<b>\$ 590,799</b>	<b>\$ 503,167</b>	<b>\$ 527,464</b>	<b>\$ 577,868</b>	<b>\$ 619,837</b>

**NEW MILFORD SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2012  
(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)	1,000,000	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	
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) Monumental Life Insurance Co

(3) Ohio Casualty

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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## 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, 2012, which collectively comprise the New Milford Board of Education's basic financial statements and have issued our report thereon dated December 5, 2012. 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 Office of School Finance, 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 previously. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2012-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2012-1.

We also noted certain matters that we reported to management of the New Milford Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 5, 2012.

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

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  
December 5, 2012

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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## 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, 2012. 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 Office of School Finance, 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.

In our opinion, 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, 2012.

### 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.

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.

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

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  
 December 5, 2012

NEW MILFORD BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	State Project Number	Grant Period	Award Amount	(Accounts Receivable)	Balance, June 30, 2012 Deferred Revenue/	Due to Grantor	Deferred Revenue Carryover Amount	Cash Received	Budgetary Expenditures	Prior Years Adjustment	(Accounts Receivable)	Balance, June 30, 2012 Deferred Revenue/	Due to Grantor	Memo GAAP Receivable
<b>U.S. Department of Agriculture Passed-Through State Department of Education:</b>															
National School Lunch Program	10.555	N/A	7/01/11-6/30/12	\$ 25,392		\$ 2,024		\$ 25,392	\$ 25,392	\$ 2,024			\$ 90		
Non-Cash Assistance		N/A	7/01/10-6/30/11	33,779						2,024					
Non-Cash Assistance		N/A	7/01/11-6/30/12	114,686				99,485	114,686				(15,201)		(15,201)
Cash Assistance		N/A	7/01/10-6/30/11	104,530	(7,342)			7,342							
Cash Assistance		N/A	7/01/10-6/30/11												
Total U.S. Department of Agriculture															
					(7,342)	2,024		132,219	142,012	79,489		(15,201)	90		(15,201)
<b>U.S. Department of Education Passed-Through State Department of Education:</b>															
General Fund	84-410A	N/A	7/1/11-6/30/12	79,489				79,489	79,489	79,489					
Education Jobs Fund															
Total General Fund															
								79,489	79,489	79,489					
<b>Special Revenue Fund</b>															
Title I	84-010A	NCLB355012	9/1/11-8/31/12	81,767				\$ 29,016	\$ 54,896	83,421		(55,887)	25,562		(30,325)
Title I	84-010A	NCLB355011	9/1/10-8/31/11	87,774	(46,395)	29,015		(29,016)	17,379	1,541	1	(1,541)			(1,541)
Title I - ARRA	84-369	NCLB355010	9/1/09-8/31/10	27,938	(2,938)	1,541		14,503	26,236	36,431	(2,185)	(27,211)	14,831		(12,380)
Title II - Part A	84-367A	NCLB355012	9/1/11-8/31/12	38,944				(14,503)	12,294	46	2,184	(192)			(46)
Title II - Part A	84-367A	NCLB355011	9/1/10-8/31/11	42,313	(26,797)	12,319		192							
Title II - Part D	84-318X	NCLB355012	9/1/11-8/31/12	192	(840)	840		(192)	14,816	19,366	(1)	(10,577)	6,027		(4,550)
Title II - Part D	84-318X	NCLB355011	9/1/11-8/31/12	16,411				8,982	3,836						
Title III	84-365A	NCLB355011	9/1/10-8/31/11	20,605	(12,818)	8,983		(8,982)							
Title III	84-365A	NCLB355011	9/1/10-8/31/11		(4,669)	4,669									
Title IV	84-186A	NCLB355011	9/1/10-8/31/11												
Title V	84-298A	NCLB355009	9/1/08-8/31/09												
I.D.E.A. Part B, Basic	84-027A	IDEA355012	9/1/11-8/31/12	550,080	(432,421)	3,620		2,548	94,439	513,134		(438,189)	39,494		(418,695)
I.D.E.A. Part B, Basic	84-027A	IDEA355011	9/1/10-8/31/11	556,604				(2,548)	429,873	1,071	(1)				
I.D.E.A. Part B, Basic ARRA	84-391	IDEA355010	9/1/09-8/31/10	619,695	(83,409)	47,802		2,548	62,337	26,730					
I.D.E.A. Preschool	84-173A	IDEA355012	9/1/11-8/31/12	26,813	(23,672)	16,648		(12,447)	5,454	22,465		(53,806)	16,795		(17,011)
I.D.E.A. Preschool	84-173A	IDEA355011	9/1/10-8/31/11	26,682	(10,118)	7,463		12,447	11,225	4,201					
I.D.E.A. Preschool ARRA	84-392	IDEA355010	9/1/09-8/31/11	22,405					4,379	1,724					
Total Special Revenue Fund															
					(644,077)	133,160			758,561	712,130	(2)	(587,403)	102,915		(484,748)
<b>Total U.S. Department of Education</b>															
					(644,077)	133,160			818,050	791,619	(2)	(587,403)	102,915		(484,748)
<b>Total</b>															
					(651,419)	135,184			1,029,738	1,013,120	(2)	(602,604)	102,005		(499,949)

The Notes to the Schedules 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, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2011		Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2012		MEMO Cumulative Total Expenditures	
				Deferred Revenue/ (Accrs Rec.)	Due to Grantor					(Accounts Receivable)	Deferred Revenue		
<b>State Department of Education</b>													
Equalization Aid	12-495-034-5120-078	7/01/11-6/30/12	\$ 247,654	\$ 234,168	\$ -	\$ -	\$ 247,654	\$ -	\$ -	\$ (13,486)	\$ -	\$ 247,654	
Special Education Aid	12-495-034-5120-089	7/01/11-6/30/12	1,215,533	1,149,341	-	-	1,215,533	-	-	(66,192)	-	1,215,533	
Extraordinary Aid	12-100-034-5120-473	7/01/11-6/30/12	572,043	-	-	-	572,043	-	-	(572,043)	-	572,043	
Extraordinary Aid	11-100-034-5120-473	7/01/10-6/30/11	586,407	586,407	-	-	586,407	-	-	-	-	-	
Non-Public Transportation	not available	7/01/11-6/30/12	32,635	-	-	-	32,635	-	-	(32,635)	-	32,635	
Non-Public Transportation	not available	7/01/10-6/30/11	29,412	29,412	-	-	29,412	-	-	-	-	-	
Anti-Bullying Aid	not available	7/01/11-6/30/12	3,894	3,894	-	-	3,894	-	-	-	-	3,894	
On-Behalf TPAF Social Security Contribution	12-495-034-5095-002	7/01/11-6/30/12	888,296	888,296	-	-	888,296	-	-	-	-	888,296	
On-Behalf TPAF Pension Contribution	12-495-034-5095-006	7/01/11-6/30/12	342,947	342,947	-	-	342,947	-	-	-	-	342,947	
On-Behalf TPAF Pension - NCGI Premium	12-495-034-5095-007	7/01/11-6/30/12	36,803	36,803	-	-	36,803	-	-	-	-	36,803	
On-Behalf TPAF Post Retirement	12-495-034-5095-001	7/01/11-6/30/12	763,398	763,398	-	-	763,398	-	-	-	-	763,398	
Medical Contribution													
<b>Total General Fund</b>				(615,819)	-	-	4,034,666	4,103,203	-	(684,356)	-	(32,635)	4,103,203
<b>New Jersey Nonpublic Aid:</b>													
Textbook Aid	12-100-034-5120-064	7/01/11-6/30/12	33,190	33,190	-	-	33,190	-	-	-	-	33,190	
Textbook Aid	11-100-034-5120-064	7/01/10-6/30/11	43,426	-	-	-	-	2,100	2,100	-	-	-	
Nursing Services	12-100-034-5120-070	7/01/11-6/30/12	47,407	47,407	-	-	47,407	-	-	-	-	47,407	
Auxiliary Services:													
Compensatory Education	12-100-034-5120-067	7/01/11-6/30/12	147,087	147,087	-	-	147,087	-	-	-	-	147,087	
Compensatory Education	11-100-034-5120-067	7/01/10-6/30/11	144,010	-	-	-	-	36,170	36,170	-	-	-	
English as a Second Language	12-100-034-5120-067	7/01/11-6/30/12	31,033	31,033	-	-	31,033	-	-	-	-	31,033	
English as a Second Language	11-100-034-5120-067	7/01/10-6/30/11	25,615	-	-	-	-	13,832	13,832	-	-	-	
Home Instruction	12-100-034-5120-067	7/01/11-6/30/12	1,655	-	-	-	1,655	-	-	(1,655)	-	1,655	
Home Instruction	11-100-034-5120-067	7/01/10-6/30/11	694	694	(694)	-	-	-	-	-	-	-	
Transportation	11-100-034-5120-068	7/01/11-6/30/12	24,205	24,205	-	-	24,205	-	-	-	-	24,205	
Handicapped Services:													
Examination and Classification	12-100-034-5120-066	7/01/11-6/30/12	70,213	70,213	-	-	70,213	-	-	-	-	70,213	
Examination and Classification	11-100-034-5120-066	7/01/10-6/30/11	86,126	-	-	-	-	28,391	28,391	-	-	-	
Corrective Speech	12-100-034-5120-066	7/01/11-6/30/12	68,062	55,290	-	-	55,290	-	-	-	-	68,062	
Corrective Speech	11-100-034-5120-066	7/01/10-6/30/11	68,062	-	-	-	-	25,347	25,347	-	-	-	
Supplemental Instruction	12-100-034-5120-066	7/01/11-6/30/12	60,450	62,435	-	-	62,435	-	-	-	-	62,435	
Supplemental Instruction	11-100-034-5120-066	7/01/10-6/30/11	60,450	-	-	-	-	18,552	18,552	-	-	-	
Character Education	06-495-034-5120-033	7/01/05-6/30/06	5,321	157	-	-	-	-	-	-	-	157	
<b>Total Special Revenue Fund</b>				471,554	-	-	471,554	409,276	124,392	(1,655)	-	(1,655)	409,276
<b>Total State Department of Education</b>				4,506,220	-	-	4,506,220	4,512,479	124,392	(685,011)	-	(34,290)	4,512,479

NEW MILFORD BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balances, July 1, 2011		Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2012		MEMO	
				Deferred Revenue/ (Assets Rec.)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	GAAP Receivable	Combined Total Expenditures
<b>Department of Agriculture</b>													
National School Lunch Program (State Share)	12-100-010-3330-023	7/01/11-6/30/12	6,636				5,791	6,636			(845)		6,636
National School Lunch Program (State Share)	11-100-010-3330-023	7/01/10-6/30/11	6,227	(448)		448							
Total Department of Agriculture (Food Service Fund)				(448)		6,239		6,636			(845)		6,636
Total State Financial Assistance				(616,804)	124,392		4,512,459	4,519,115	124,392	(686,856)		(35,135)	4,519,115
<b>State Financial Assistance</b>													
<b>Not Subject to Single Audit Determination</b>													
General Fund			342,947				(342,947)	(342,947)					(342,947)
On-Behalf TPAF Pension Benefit Contributic	12-495-034-5095-006	7/1/11-6/30/12											
On-Behalf TPAF Pension -NCGI Premium	12-495-034-5095-007	7/1/11-6/30/12	36,803				(36,803)	(36,803)					(36,803)
On-Behalf TPAF Post-Retirement Medical	12-495-034-5095-001	7/1/09-6/30/09	763,398				(763,398)	(763,398)					(763,398)
Total State Financial Assistance Subject to Single Audit				(616,804)	124,392		3,369,311	3,375,967	124,392	(686,856)		(35,135)	3,375,967

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, 2012**

**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. The information in these schedules is presented in accordance with requirements of U.S. 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". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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 a decrease of \$65,314 for the general fund and a decrease of \$17,769 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	\$ 79,489	\$ 4,037,889	\$ 4,117,378
Special Revenue Fund	693,500	410,137	1,103,637
Food Service Fund	<u>142,012</u>	<u>6,636</u>	<u>148,648</u>
 Total Financial Assistance	 <u>\$ 915,001</u>	 <u>\$ 4,454,662</u>	 <u>\$ 5,369,663</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, 2012**

**NOTE 4 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 \$888,296 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$379,750 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$763,398 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

**NOTE 5 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, 2012

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)?   X   yes        none reported

Noncompliance material to the basic financial statements noted?   X   yes        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>84.027 A</u>	<u>IDEA Basic</u>
<u>84.391</u>	<u>IDEA Basic ARRA</u>
<u>83.173 A</u>	<u>IDEA Preschool</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, 2012**

*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*.

**Finding 2012-1**

We noted purchase orders, which were classified as encumbrances by the District as of June 30, 2012 that were determined to be invalid because the goods or services were ordered subsequent to year end or were not ordered at all. We also noted an accounts payable was cancelled, however, was deemed to be a valid payable at year end.

**Criteria or specific requirement**

State Department of Education's GAAP Technical Systems Manual.

**Condition**

Certain encumbrances were determined to be invalid and an accounts payable was incorrectly cancelled on the District's accounting records.

**Questioned Costs**

Not Applicable

**Context**

- Six (6) purchase orders classified as Reserved for Encumbrances totaling \$390,509 were deemed invalid at year end.
- An accounts payable totaling \$131,000 was not reflected in the District's accounting records at year end.

**Effect**

None, the financial statements have been adjusted accordingly.

**Cause**

Unknown.

**Recommendation**

Year end closing procedures be reviewed and enhanced to ensure open purchase orders classified as encumbrances are valid and all accounts payable are properly recorded in the District's accounting records.

**Management Response**

Management has reviewed this finding and has indicated it will revise its procedures to ensure corrective action is taken.

**NEW MILFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*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.

**CURRENT YEAR STATE AWARDS**

There are none.

NEW MILFORD BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 2011-1**

**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.

**Current Status**

Corrective action has been taken.