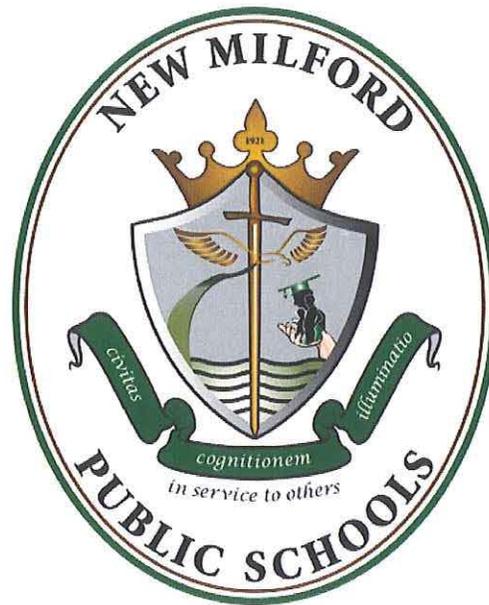


SCHOOL DISTRICT
OF
NEW MILFORD



NEW MILFORD BOARD OF EDUCATION
NEW MILFORD, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

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

For the Fiscal Year Ended June 30, 2015

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 4, 2015

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, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 15-08, *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 2014-2015 fiscal year with an enrollment of 1979 students, which is 55 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
2014-15	1979	-2.70%
2013-14	2034	-1.55%
2012-13	2066	0.88%
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%

2) ECONOMIC CONDITION AND OUTLOOK: With a 2% cap on the tax levy and flat state aid payments, the district is continually faced with balancing a budget where certain key expenditures exceed the mandated revenue cap (in some cases to a great extent). Savings from salary breakage, out-of-district tuitions/busing, increased in-district tuition revenue, etc. have been coupled with cost cutting to resolve this dilemma. Given the outlook for state and local finances and the state pension crisis, this scenario is unlikely to change in the immediate future. The need for new high priority academic programs as well as maintenance and facility replacements/upgrades have been undertaken with the exhaustion of reserve accounts, the use of ROD grants and with miscellaneous revenue sources (e.g. Education Foundation).

3) MAJOR INITIATIVES: **Class of 2015** 97% of the graduates plan to receive some form of formal post-secondary education or training. 66% will be attending four year colleges in the Fall. 27% will be participating in two year community college or career training programs. 4% will enter the military. The remaining 3% 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 assigned fund balance at June 30, 2015.

6) DEBT ADMINISTRATION: At June 30, 2015 the District's outstanding debt issue was \$2,600,000 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". 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 15-08. The auditor's report on the basic 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,



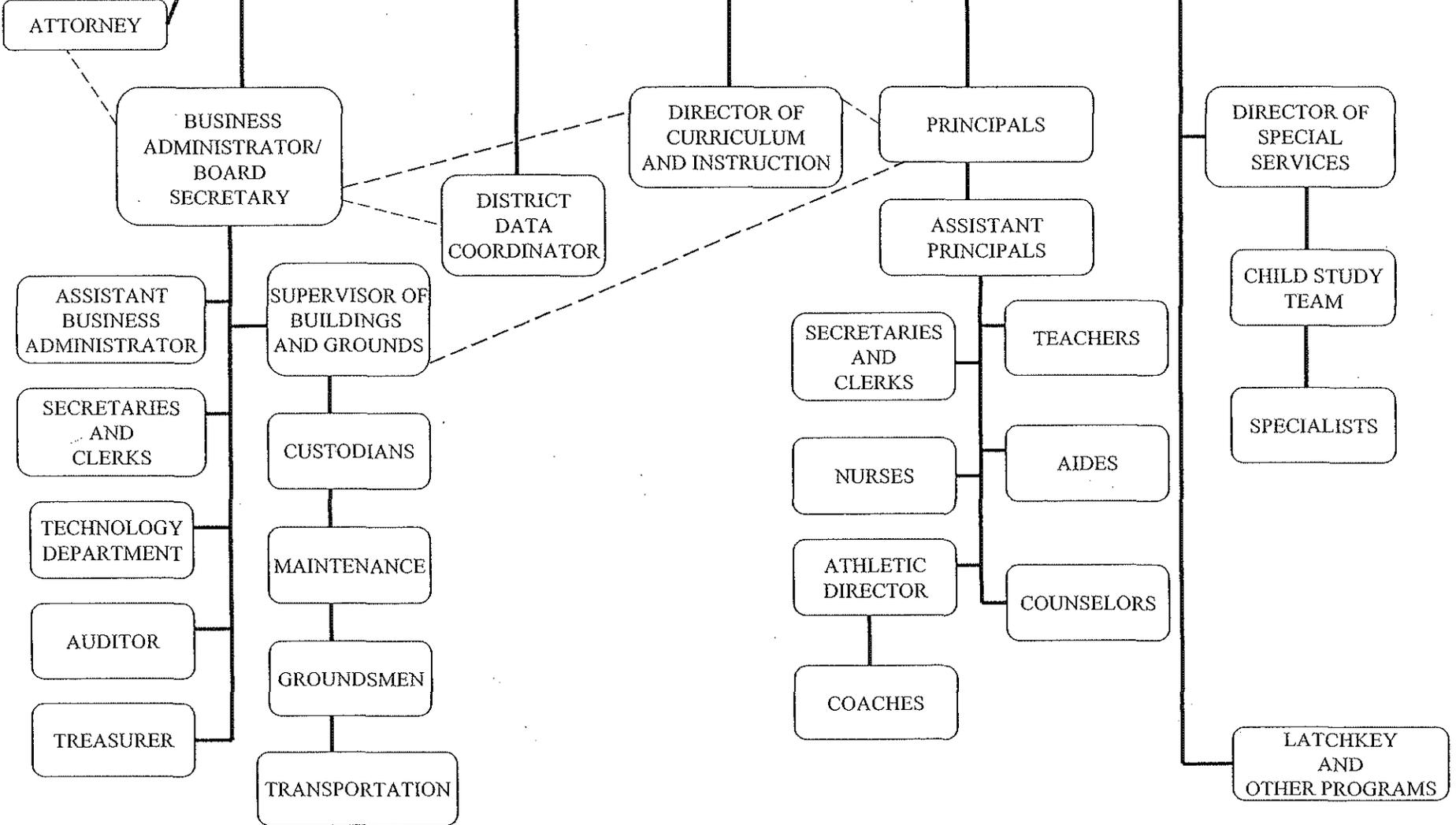
Michael Polizzi
Superintendent



Michael Sawicz
Business Administrator

NEW MILFORD BOARD OF EDUCATION

SUPERINTENDENT OF SCHOOLS



AT

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

**ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Paige Ryan, President	12/2017
Daniel Conner, Vice-President	12/2017
John Heinemann	12/2017
John Bigger	12/2016
Judith Rabinowitz-McSweeney	12/2016
Christopher Ryan	12/2016
Laura O'Grady	12/2015
Joseph Steele	12/2015
Christine Giancola	12/2015

Other Officials

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

DiCara-Rubino Architects
30 Galesi Drive
Wayne, NJ 07470

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

Oritani Bank
Washington Township Office

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

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

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the New Milford Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

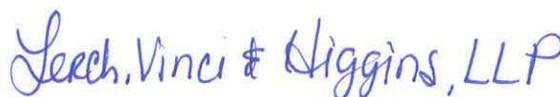
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Milford Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the New Milford Board of Education.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, 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.

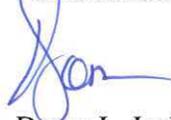
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the New Milford Board of Education’s internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
December 4, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2015

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, 2015. 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 (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year include the following:

- The assets and deferred outflows of resources of the New Milford School District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,404,486 (net position).
- Overall District revenues were \$41,988,059 which were \$314,597 greater than overall District expenses of \$41,673,462. General revenues accounted for \$30,391,148 or 73% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$11,596,911 or 28% of total revenues.
- The School District had \$40,549,808 in expenses for governmental activities; only \$10,474,814 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$30,390,199 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 \$3,147,707. Of that amount, \$112,083 (4%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned fund balance was \$112,083 at June 30, 2015, an increase of \$42,964 when compared with the beginning balance at July 1, 2014.
- The General Fund unassigned budgetary basis fund balance at June 30, 2015 was \$723,678, which represents an increase of \$39,333 compared to the ending budgetary basis fund balance at June 30, 2014 of \$684,345.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

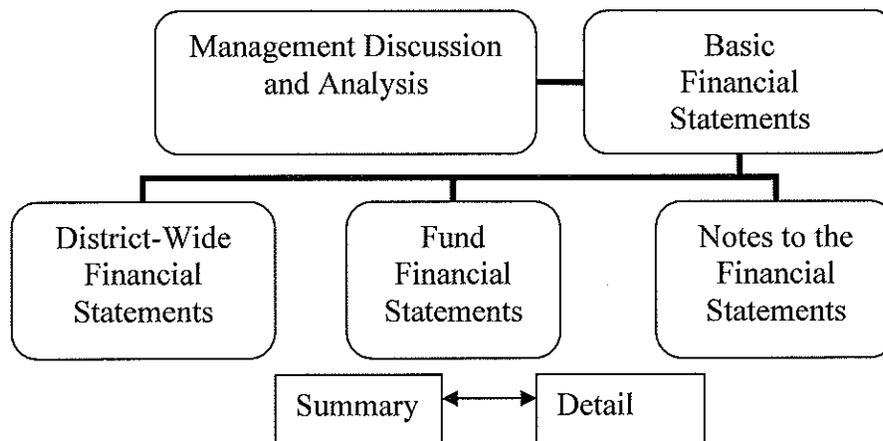
Fiscal Year Ended June 30, 2015

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, 2015

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

Major Features of the District-Wide and Fund Financial Statements

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

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2015

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 position includes *all* of the district's assets, deferred outflows/inflows of resources 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 position* and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial condition 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 program, summer program 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, 2015

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* – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated 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 (“Broadway Kids”) program 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 position and a statement of changes in fiduciary net position. 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 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 financial statements can be found following the financial statements.

Other Information

In addition to the 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.

The District also present required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68. 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.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2015

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 position for 2015 and 2014.

Net Position. The District's *combined* net position were \$14,404,486 on June 30, 2015 and \$22,804,659 on June 30, 2014, respectively.

Statement of Net Position As of June 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 4,097,668	\$ 6,342,362	\$ 633,179	\$ 572,496	\$ 4,730,847	\$ 6,914,858
Capital Assets	23,095,475	21,095,947	87,431	86,190	23,182,906	21,182,137
Total Assets	<u>27,193,143</u>	<u>27,438,309</u>	<u>720,610</u>	<u>658,686</u>	<u>27,913,753</u>	<u>28,096,995</u>
Deferred Amounts on Refunding of Debt	38,390	48,664	-	-	38,390	48,664
Deferred Amounts on Net Pension Liability	757,243	-	-	-	757,243	-
Total Deferred Outflows of Resources	<u>795,633</u>	<u>48,664</u>	<u>-</u>	<u>-</u>	<u>795,633</u>	<u>48,664</u>
Total Assets and Deferred Outflows of Resources	<u>27,988,776</u>	<u>27,486,973</u>	<u>720,610</u>	<u>658,686</u>	<u>28,709,386</u>	<u>28,145,659</u>
Long-Term Liabilities	12,702,297	12,239,704			12,702,297	12,239,704
Other Liabilities	996,808	1,814,171	64,427	1,895	1,061,235	1,816,066
Total Liabilities	<u>13,699,105</u>	<u>14,053,875</u>	<u>64,427</u>	<u>1,895</u>	<u>13,763,532</u>	<u>14,055,770</u>
Deferred Amounts on Net Pension Liability	541,368	-	-	-	541,368	-
Total Deferred Inflows of Resources	<u>541,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>541,368</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>14,240,473</u>	<u>14,053,875</u>	<u>64,427</u>	<u>1,895</u>	<u>14,304,900</u>	<u>14,055,770</u>
Net Investment in Capital Assets	20,009,921	17,962,388	87,431	86,190	20,097,352	18,048,578
Restricted	852,217	2,070,989			852,217	2,070,989
Unrestricted	(7,113,835)	(6,600,279)	568,752	570,601	(6,545,083)	(6,029,678)
Total Net Position	<u>\$ 13,748,303</u>	<u>\$ 13,433,098</u>	<u>\$ 656,183</u>	<u>\$ 656,791</u>	<u>\$ 14,404,486</u>	<u>\$ 14,089,889</u>

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2015

By far the largest portion of the District's net position 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 position for fiscal years 2015 and 2014.

Change in Net Position For the Fiscal Years Ended June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services	\$ 379,164	\$ 198,843	\$ 950,948	\$ 968,913	\$ 1,330,112	\$ 1,167,756
Operating Grants and Contributions	9,297,379	5,406,842	171,149	184,209	9,468,528	5,591,051
Capital Grants and Contributions	798,271	77,215			798,271	77,215
General Revenues						
Property Taxes	29,935,954	29,105,117			29,935,954	29,105,117
State Aid - Unrestricted	363,388	323,248			363,388	323,248
Other	90,857	213,276	949	784	91,806	214,060
Total Revenues	<u>40,865,013</u>	<u>35,324,541</u>	<u>1,123,046</u>	<u>1,153,906</u>	<u>41,988,059</u>	<u>36,478,447</u>
Expenses						
Instruction						
Regular	16,008,564	13,219,329			16,008,564	13,219,329
Special Education	6,070,665	5,377,054			6,070,665	5,377,054
Other Instruction	504,294	417,445			504,294	417,445
School Sponsored Activities and Athletics	1,090,855	991,372			1,090,855	991,372
Support Services						
Student and Instruction Related Services	6,151,420	5,021,956			6,151,420	5,021,956
General Administrative Services	1,240,434	871,600			1,240,434	871,600
School Administrative Services	2,637,528	2,285,356			2,637,528	2,285,356
Central and Other Support Services	1,142,404	1,122,455			1,142,404	1,122,455
Plant Operation and Maintenance	4,576,492	4,693,242			4,576,492	4,693,242
Pupil Transportation	1,028,715	1,001,579			1,028,715	1,001,579
Interest on Debt	98,437	112,175			98,437	112,175
Food Service			688,173	667,601	688,173	667,601
Latchkey Program			404,012	382,395	404,012	382,395
Broadway Kids Summer Program			18,407	18,795	18,407	18,795
After School Enrichment Program	-	-	13,062	17,588	13,062	17,588
Total Expenses	<u>40,549,808</u>	<u>35,113,563</u>	<u>1,123,654</u>	<u>1,086,379</u>	<u>41,673,462</u>	<u>36,199,942</u>
Change in Net Position	315,205	210,978	(608)	67,527	314,597	278,505
Beginning of Year, Net Position	<u>13,433,098</u>	<u>21,936,890</u>	<u>656,791</u>	<u>589,264</u>	<u>14,089,889</u>	<u>22,526,154</u>
Prior Period Adjustment-Net Pension Liability	<u>-</u>	<u>(8,714,770)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,714,770)</u>
End of Year, Net Position	<u>\$ 13,748,303</u>	<u>\$ 13,433,098</u>	<u>\$ 656,183</u>	<u>\$ 656,791</u>	<u>\$ 14,404,486</u>	<u>\$ 14,089,889</u>

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

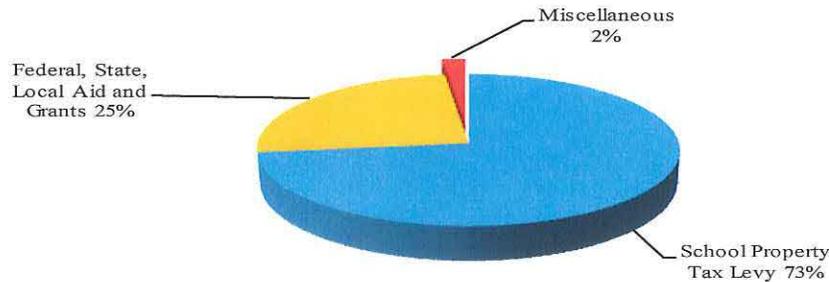
Fiscal Year Ended June 30, 2015

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$40,865,013 for the fiscal year ended June 30, 2015, property taxes of \$29,935,954 represented 73% of revenues. Another significant portion of revenues came from grants and contributions; total State, Federal and Local Aid and Grants were \$10,459,038 and represented 25% 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.

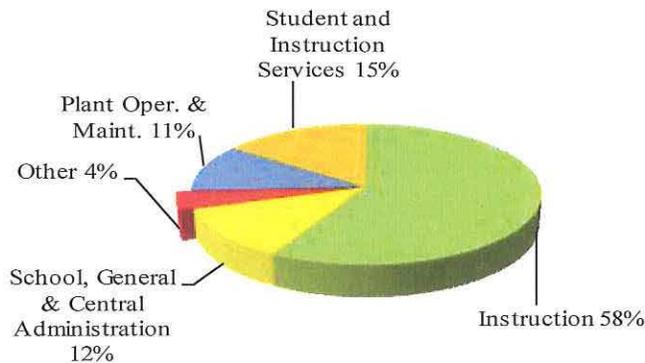
The total cost of all governmental activities programs and services was \$40,549,808. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$23,674,378 (58%) of total expenses. Support services, total \$16,776,993 (41%) of total expenses. Interest on debt totals \$98,437, less than 1% of total expenses.

Total governmental activities revenues exceeded expenses, increasing net position by \$315,205 from the previous year.

Revenues by Type – Governmental Activities
For Fiscal Year 2015



Expenses by Type – Governmental Activities For Fiscal Year 2015



NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2015

Total and Net Cost of Governmental Activities. The District's total cost of services was \$40,549,808. After applying program revenues, derived from operating and capital grants and contributions of \$10,095,650, and charges for services of \$379,164, the net cost of services of the District is \$30,074,994.

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2015 and 2014

Governmental Activities	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction				
Regular	\$ 16,008,564	\$ 13,219,329	\$ 11,859,438	\$ 11,356,555
Special Education	6,070,665	5,377,054	2,759,034	2,719,565
Other Instruction	504,294	417,445	352,146	338,838
School Sponsored Activities and Athletics	1,090,855	991,372	1,090,855	647,162
Support Services				
Student and Instruction Related Services	6,151,420	5,021,956	5,049,937	4,846,249
General Administration	1,240,434	871,600	1,105,634	824,397
School Administration Services	2,637,528	2,285,356	2,099,507	2,076,171
Central and Other Support Services	1,142,404	1,122,455	1,074,862	1,098,608
Plant Operation and Maintenance	4,576,492	4,693,242	3,736,857	4,575,108
Pupil Transportation	1,028,715	1,001,579	848,287	835,835
Interest on Debt	98,437	112,175	98,437	112,175
Total Governmental Activities	\$ 40,549,808	\$ 35,113,563	\$ 30,074,994	\$ 29,430,663

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2015 was \$1,123,654. These costs were funded by charges for services of \$950,948 (85%) and operating grants of \$171,149 (15%), as detailed in the change in net position schedule.

Total business-type activities expenses surpassed revenues, decreasing net position by \$608 from 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 \$3,147,707 at June 30, 2015 compared to a combined fund balance of \$4,576,371 at June 30, 2014.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Revenues for the District's governmental funds were \$37,344,154, while total expenditures were \$39,489,084. The District also realized other financing sources from lease proceeds in the amount of \$716,266 during the school year.

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>	Amount of Increase (Decrease)	Percent Change
Revenues				
Local Sources:				
Property Tax Levy	\$ 29,412,229	\$ 28,580,617	\$ 831,612	3%
Tuition	348,161	175,006	173,155	99%
Transportation	31,003	23,837	7,166	30%
Interest	19,886	18,622	1,264	7%
Miscellaneous	70,281	194,654	(124,373)	-64%
State Sources	5,029,902	4,519,317	510,585	11%
Federal Sources	<u>4,323</u>	<u>1,062</u>	<u>3,261</u>	307%
Total Revenues	<u>\$ 34,915,785</u>	<u>\$ 33,513,115</u>	<u>\$ 1,402,670</u>	4%

The majority of revenues come from property taxes which accounted for 84% of total revenue while state sources represented 14% of total revenue for the 2015 fiscal year.

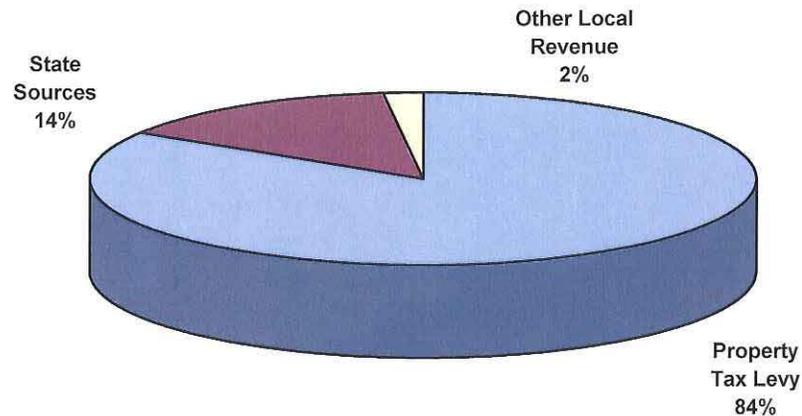
Total General Fund revenues increased by \$1,402,670 or 4% compared with the previous year. The increase in property tax revenues and on-behalf state revenues were largely attributable for the increase. Local property taxes increased 3% from the previous year. State aid revenues increased \$510,585 or 11% predominantly attributable to the increase in the State's contribution for on-behalf TPAF pension system normal costs and accrued liability costs. Tuition revenues increased due to a significant increase in enrollment of students received from outside the district.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2015

General Fund Revenues by Source For the Fiscal Year Ended June 30, 2015



The following schedule presents a summary of General Fund expenditures.

Summary of General Fund Expenditures For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	Amount of Increase (Decrease)	Percent Change
Expenditures				
Instruction	\$ 20,040,857	\$ 18,995,350	\$ 1,045,507	6%
Support Services	14,979,546	14,154,427	825,119	6%
Debt Service	221,942	21,078	200,864	953%
Capital Outlay	<u>271,231</u>	<u>430,748</u>	<u>(159,517)</u>	-37%
Total Expenditures	<u>\$ 35,513,576</u>	<u>\$ 33,601,603</u>	<u>\$ 1,911,973</u>	6%

Total General Fund expenditures increased \$1,911,973 or 6% from the previous year. Instruction represented 56% of total expenditures while support services accounted for 42% of total expenditures for the 2015 fiscal year. The significant increase in debt service services is largely attributable to the capital lease payments from the leases issued during the year. The areas of regular instruction and the functions included in student and instruction related support services also experienced significant increases over the prior year.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2015

For the 2014-2015 school year general fund expenditures and other financing uses exceeded revenues and other financing sources by \$1,989,668. After adjusting for restricted and assigned fund balances, the unassigned fund balance increased from \$69,119 at June 30, 2014 to \$112,083 at June 30, 2015. Consequently, the district has \$831,014 of restricted excess surplus from the current year operations compared to \$902,382 excess surplus at June 30, 2014 from prior year (2013/2014) operations.

CAPITAL PROJECTS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal years 2015 and 2014, the school district had invested in land and land improvements, buildings, furniture, machinery and equipment and construction in progress as follows:

Capital Assets As of June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 3,255,000	\$ 3,255,000			\$ 3,255,000	\$ 3,255,000
Land Improvements	1,563,245	1,563,245			1,563,245	1,563,245
Buildings and Building Improvements	27,097,367	25,720,407			27,097,367	25,720,407
Machinery and Equipment	3,354,734	2,725,891	\$ 227,686	\$ 213,470	3,582,420	2,939,361
Construction in Progress	763,843	169,642	-	-	763,843	169,642
Total	36,034,189	33,434,185	227,686	213,470	36,261,875	33,647,655
Less: Accumulated Depreciation	(12,938,714)	(12,338,238)	(140,255)	(127,280)	(13,078,969)	(12,465,518)
Total Capital Assets, Net	\$ 23,095,475	\$ 21,095,947	\$ 87,431	\$ 86,190	\$ 23,182,906	\$ 21,182,137

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, 2015

Debt Administration. As of June 30, 2015 and 2014 the school district had long-term debt and outstanding long-term liabilities in the amount of \$12,702,297 and \$12,239,704, respectively, as follows:

Outstanding Long-Term Liabilities As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Serial Bonds Payable (Including Unamortized Premium)	\$ 2,700,013	\$ 3,141,777
Capital Leases Payable	423,931	40,446
Lease Purchase Agreements Payable	102,917	
Compensated Absences Payable	391,253	342,711
Net Pension Liability	<u>9,084,183</u>	<u>8,714,770</u>
Total	<u>\$ 12,702,297</u>	<u>\$ 12,239,704</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 the following 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.

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, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

- Appropriation of unassigned fund balance of \$39,380 available from prior year Nonpublic School Transportation Aid.
- Withdrawals totaling \$40,000 from maintenance reserve to fund various required maintenance expenses.

General Fund budgetary basis expenditures and other financing uses exceeded budgetary basis revenues and other financing sources, decreasing budgetary basis fund balance by \$1,993,299 from the previous year. After deducting restricted and assigned fund balances, the unassigned budgetary fund balance increased \$39,333 from \$684,345 at June 30, 2014 to \$723,678 at June 30, 2015. In addition, the District restricted fund balance for excess surplus decreased to \$831,014 at June 30, 2015 compared to \$902,382 excess surplus at June 30, 2014.

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 Facilities Plan on file in the School Business Administrator's office.

These factors were considered when adopting the budget for fiscal year 2015-2016. Budgeted expenditures in the General Fund decreased approximately one percent (1%) to \$34,069,555 in fiscal year 2015-2016.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2015

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 POSITION
AS OF JUNE 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,486,232	\$ 612,589	\$ 3,098,821
Receivables, Net:			
Receivables from Other Governments	1,554,950	12,593	1,567,543
Other	56,486	893	57,379
Inventories		4,128	4,128
Prepaid Items		2,976	2,976
Capital Assets Not Being Depreciated	4,018,843		4,018,843
Capital Assets, Being Depreciation	<u>19,076,632</u>	<u>87,431</u>	<u>19,164,063</u>
Total Assets	<u>27,193,143</u>	<u>720,610</u>	<u>27,913,753</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	38,390		38,390
Deferred Amounts on Net Pension Liability	<u>757,243</u>	<u>-</u>	<u>757,243</u>
Total Deferred Outflows of Resources	<u>795,633</u>	<u>-</u>	<u>795,633</u>
Total Assets and Deferred Outflows of Resources	<u>27,988,776</u>	<u>720,610</u>	<u>28,709,386</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	687,534	64,418	751,952
Internal Balances	16,100	(16,100)	-
Payable to Other Governments	99,066		99,066
Accrued Interest Payable	46,847		46,847
Unearned Revenue	147,261	16,109	163,370
Noncurrent Liabilities :			
Due Within One Year	1,197,671		1,197,671
Due Beyond One Year	<u>11,504,626</u>	<u>-</u>	<u>11,504,626</u>
Total Liabilities	<u>13,699,105</u>	<u>64,427</u>	<u>13,763,532</u>

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

**NEW MILFORD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	\$ 541,368	-	\$ 541,368
Total Deferred Inflows of Resources	541,368	-	541,368
Total Liabilities and Deferred Inflows of Resources	14,240,473	\$ 64,427	14,304,900
NET POSITION			
Net Investment in Capital Assets	20,009,921	87,431	20,097,352
Restricted for:			
Capital Projects	705,593		705,593
Plant Maintenance	146,624		146,624
Unrestricted	(7,113,835)	568,752	(6,545,083)
Total Net Position	\$ 13,748,303	\$ 656,183	\$ 14,404,486

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

**NEW MILFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction:							
Regular	\$ 16,008,564		\$ 4,149,126		\$ (11,859,438)		\$ (11,859,438)
Special Education	6,070,665	\$ 348,161	2,963,470		(2,759,034)		(2,759,034)
Other Instruction	504,294		152,148		(352,146)		(352,146)
School Sponsored Activities and Athletics	1,090,855				(1,090,855)		(1,090,855)
Support Services							
Student and Instruction Related Services	6,151,420		1,101,483		(5,049,937)		(5,049,937)
General Administrative Services	1,240,434		134,800		(1,105,634)		(1,105,634)
School Administrative Services	2,637,528		538,021		(2,099,507)		(2,099,507)
Central and Other Support Services	1,142,404		67,542		(1,074,862)		(1,074,862)
Plant Operations and Maintenance	4,576,492		41,364	\$ 798,271	(3,736,857)		(3,736,857)
Pupil Transportation	1,028,715	31,003	149,425		(848,287)		(848,287)
Interest on Debt	98,437	-	-		(98,437)	-	(98,437)
Total Governmental Activities	<u>40,549,808</u>	<u>379,164</u>	<u>9,297,379</u>	<u>798,271</u>	<u>(30,074,994)</u>	<u>-</u>	<u>(30,074,994)</u>
Business-Type Activities							
Food Service	688,173	548,960	171,149			\$ 31,936	31,936
Latch Key Program	404,012	368,789				(35,223)	(35,223)
Broadway Kids Summer Program	18,407	17,799			-	(608)	(608)
After School Enrichment Program	13,062	15,400			-	2,338	2,338
Total Business-Type Activities	<u>1,123,654</u>	<u>950,948</u>	<u>171,149</u>	<u>-</u>	<u>-</u>	<u>(1,557)</u>	<u>(1,557)</u>
Total Primary Government	<u>\$ 41,673,462</u>	<u>\$ 1,330,112</u>	<u>\$ 9,468,528</u>	<u>\$ 798,271</u>	<u>(30,074,994)</u>	<u>(1,557)</u>	<u>(30,076,551)</u>

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

**NEW MILFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 29,412,229		\$ 29,412,229
Levied for Debt Service	523,725		523,725
State Aid, Unrestricted	363,388		363,388
Interest Income	20,577	\$ 949	21,526
Miscellaneous Income	70,280	-	70,280
Total General Revenues	30,390,199	949	30,391,148
Change in Net Position	315,205	(608)	314,597
Net Position, Beginning of Year - (Restated)	13,433,098	656,791	14,089,889
Net Position, End of Year	\$ 13,748,303	\$ 656,183	\$ 14,404,486

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

FUND FINANCIAL STATEMENTS

**NEW MILFORD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,486,232				\$ 2,486,232
Receivables, Net					
Receivables from Other Governments	88,314	\$ 468,368	\$ 998,268		1,554,950
Accounts	48,665	7,700			56,365
Due from Other Funds	606,369	-	-	-	606,369
	<u>3,229,580</u>	<u>476,068</u>	<u>998,268</u>	<u>-</u>	<u>4,703,916</u>
Total Assets	<u>\$ 3,229,580</u>	<u>\$ 476,068</u>	<u>\$ 998,268</u>	<u>\$ -</u>	<u>\$ 4,703,916</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 343,221	\$ 141,719	\$ 15,344		\$ 500,284
Accrued Salaries and Wages	87,486				87,486
Compensated Absences Payable	99,764				99,764
Payable to State Government		99,066			99,066
Unearned Revenue		5,314	141,947		147,261
Due to Other Funds	16,271	229,969	376,108	-	622,348
	<u>546,742</u>	<u>476,068</u>	<u>533,399</u>	<u>-</u>	<u>1,556,209</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	240,724				240,724
Maintenance Reserve	146,624				146,624
Emergency Reserve	285,199				285,199
Excess Surplus	831,014				831,014
Excess Surplus - Designated for Subsequent Year's Budget	902,382				902,382
Capital Projects			464,869		464,869
Assigned Fund Balance					
Year End Encumbrances	164,812				164,812
Unassigned Fund Balance					
General Fund	112,083	-	-	-	112,083
	<u>2,682,838</u>	<u>-</u>	<u>464,869</u>	<u>-</u>	<u>3,147,707</u>
Total Fund Balances	<u>2,682,838</u>	<u>-</u>	<u>464,869</u>	<u>-</u>	<u>3,147,707</u>
Total Liabilities and Fund Balances	<u>\$ 3,229,580</u>	<u>\$ 476,068</u>	<u>\$ 998,268</u>	<u>\$ -</u>	

NEW MILFORD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2015

Total Fund Balances (Exhibit B-1) \$ 3,147,707

Amounts reported for *governmental activities* in the Statement of Net Position (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 \$36,034,189 and the accumulated depreciation is \$12,938,714.

23,095,475

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

(46,847)

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$	757,243
Deferred Inflows of Resources		<u>(541,368)</u>

215,875

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

38,390

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 Payable	\$	(2,600,000)
Add: Premium on Issuance		(100,013)
Capital Leases Payable		(423,931)
Lease Purchase Agreements Payable		(102,917)
Compensated Absences Payable		(391,253)
Net Pension Liability		<u>(9,084,183)</u>

(12,702,297)

Net Position of Governmental Activities \$ 13,748,303

NEW MILFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 29,412,229			\$ 523,725	\$ 29,935,954
Tuition	348,161				348,161
Transportation Fees	31,003				31,003
Interest	19,886		\$ 691		20,577
Miscellaneous	70,281	\$ 22,991	-	-	93,272
Total - Local Sources	29,881,560	22,991	691	523,725	30,428,967
State Sources	5,029,902	373,559	788,464		6,191,925
Federal Sources	4,323	718,939	-	-	723,262
Total Revenues	34,915,785	1,115,489	789,155	523,725	37,344,154
EXPENDITURES					
Instruction					
Regular	13,361,096	469,250			13,830,346
Special Education	5,203,737	404,708			5,608,445
Other Instruction	403,891	33,176			437,067
School-Sponsored Activities and Athletics	1,072,133				1,072,133
Support Services					
Student and Instruction Related Services	5,388,753	197,055			5,585,808
General Administrative Services	1,153,479				1,153,479
School Administrative Services	2,309,082				2,309,082
Central and Other Support Services	1,052,279				1,052,279
Plant Operations and Maintenance	4,107,545				4,107,545
Pupil Transportation	968,408				968,408
Debt Service					
Principal	220,057			415,000	635,057
Interest and Other Charges	1,885			114,375	116,260
Capital Outlay	271,231	11,300	2,330,644	-	2,613,175
Total Expenditures	35,513,576	1,115,489	2,330,644	529,375	39,489,084
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(597,791)	-	(1,541,489)	(5,650)	(2,144,930)
OTHER FINANCING SOURCES (USES)					
Lease Purchase Proceeds	356,783		359,483		716,266
Transfers In	691		1,749,351	-	1,750,042
Transfers Out	(1,749,351)	-	(691)	-	(1,750,042)
Total Other Financing Sources and Uses	(1,391,877)	-	2,108,143	-	716,266
Net Change in Fund Balances	(1,989,668)	-	566,654	(5,650)	(1,428,664)
Fund Balance, Beginning of Year	4,672,506	-	(101,785)	5,650	4,576,371
Fund Balance, End of Year	\$ 2,682,838	\$ -	\$ 464,869	\$ -	\$ 3,147,707

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

**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, 2015**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (1,428,664)

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	\$ 2,613,175
Depreciation Expense	<u>(600,476)</u>

2,012,699

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

Loss on Disposal of Capital Assets	(13,171)
------------------------------------	----------

In the statement of activities, certain operating expenses - compensated absences and pension expense 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):

Net Increase in Compensated Absences	(48,542)
Increase in Pension Expense	(153,538)

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

Capital Leases	164,224
Lease Purchase Agreements	55,833
Serial Bonds	<u>415,000</u>

635,057

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

Capital Lease Proceeds	(557,516)
Less: Paid by Lessor	9,807
Lease Purchase Agreement Proceeds	(158,750)

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

Deferred Amount on Refunding of Debt	(10,274)
Original Issue Premium	<u>26,764</u>

16,490

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>1,333</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 315,205**

**NEW MILFORD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	<u>Business-Type Activities - Enterprise Fund</u>			<u>Totals</u>
	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Non-Major Enterprise Funds</u>	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 217,855	\$ 367,949	\$ 26,785	\$ 612,589
Intergovernmental Receivable, Net				
Federal	12,112			12,112
State	481			481
Accounts Receivable- Other	893			893
Due from Other Funds	19,841			19,841
Inventories	4,128		-	4,128
Prepaid Items	2,976	-	-	2,976
	<u>258,286</u>	<u>367,949</u>	<u>26,785</u>	<u>653,020</u>
Total Current Assets				
Capital Assets				
Equipment	87,341	140,345		227,686
Less: Accumulated Depreciation	(60,643)	(79,612)	-	(140,255)
	<u>26,698</u>	<u>60,733</u>	<u>-</u>	<u>87,431</u>
Total Capital Assets, Net				
	<u>26,698</u>	<u>60,733</u>	<u>-</u>	<u>87,431</u>
Total Assets	<u>284,984</u>	<u>428,682</u>	<u>26,785</u>	<u>740,451</u>
LIABILITIES				
Current Liabilities				
Due to Other Funds		3,741		3,741
Accounts Payable	51,387	807	359	52,553
Accrued Salaries and Wages		11,865		11,865
Unearned Revenue	10,678	-	5,431	16,109
	<u>62,065</u>	<u>16,413</u>	<u>5,790</u>	<u>84,268</u>
Total Current Liabilities				
NET POSITION				
Investment in Capital Assets	26,698	60,733		87,431
Unrestricted	196,221	351,536	20,995	568,752
	<u>222,919</u>	<u>412,269</u>	<u>20,995</u>	<u>656,183</u>
Total Net Position	<u>\$ 222,919</u>	<u>\$ 412,269</u>	<u>\$ 20,995</u>	<u>\$ 656,183</u>

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

**NEW MILFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Business-Type Activities - Enterprise Fund</u>			<u>Totals</u>
	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Non-Major Enterprise Fund</u>	
OPERATING REVENUES				
Charges for Services				
Daily Sales	\$ 503,713			\$ 503,713
Other Sales	45,247			45,247
Program Fees	-	\$ 368,789	\$ 33,199	401,988
Total Operating Revenues	<u>548,960</u>	<u>368,789</u>	<u>33,199</u>	<u>950,948</u>
OPERATING EXPENSES				
Salaries and Employee Benefits	264,269	344,621	22,620	631,510
Cost of Sales	311,164			311,164
Purchased Management Services	46,335			46,335
Other Purchased Services	27,844	1,692	6,479	36,015
Supplies and Materials	33,180	50,105	2,370	85,655
Depreciation	5,381	7,594	-	12,975
Total Operating Expenses	<u>688,173</u>	<u>404,012</u>	<u>31,469</u>	<u>1,123,654</u>
Operating Income (Loss)	<u>(139,213)</u>	<u>(35,223)</u>	<u>1,730</u>	<u>(172,706)</u>
NONOPERATING REVENUES				
Federal Sources				
National School Lunch Program	165,241			165,241
National School Breakfast Program	164			164
State Sources				
State School Lunch Program	5,744			5,744
Interest	949	-	-	949
Total Nonoperating Revenues	<u>172,098</u>	<u>-</u>	<u>-</u>	<u>172,098</u>
Change in Net Position	32,885	(35,223)	1,730	(608)
Total Net Position, Beginning of Year	<u>190,034</u>	<u>447,492</u>	<u>19,265</u>	<u>656,791</u>
Total Net Position, End of Year	<u>\$ 222,919</u>	<u>\$ 412,269</u>	<u>\$ 20,995</u>	<u>\$ 656,183</u>

The accompanying Notes to the 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, 2015**

	Business-Type Activities - Enterprise Fund			
	Food Service	Latchkey Program	Non-Major Enterprise Fund	Totals
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 560,458	\$ 369,620	\$ 38,630	\$ 968,708
Cash Payments for Employees' Salaries and Benefits	(264,269)	(340,469)	(22,745)	(627,483)
Cash Payments to Suppliers for Goods and Services	(351,617)	(52,041)	(8,615)	(412,273)
Net Cash Provided/(Used) by Operating Activities	(55,428)	(22,890)	7,270	(71,048)
Cash Flows from Noncapital Financing Activities				
Cash Received from State and Federal Subsidy				
Reimbursements	149,834			149,834
Cash Payments to General	-	(1,774)	-	(1,774)
Net Cash Provided/(Used) by Noncapital Financing Activities	149,834	(1,774)	-	148,060
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(14,216)	-	-	(14,216)
Net Cash Used By Capital and Related Financing Activities	(14,216)	-	-	(14,216)
Cash Flows from Investing Activities				
Interest on Investments	949	1,945	-	2,894
Net Cash Provided by Investing Activities	949	1,945	-	2,894
Net Increase (Decrease) in Cash and Cash Equivalents	81,139	(22,719)	7,270	65,690
Cash and Cash Equivalents, Beginning of Year	136,716	390,668	19,515	546,899
Cash and Cash Equivalents, End of Year	\$ 217,855	\$ 367,949	\$ 26,785	\$ 612,589
Reconciliation of Operating Income (Loss) to Net Cash Provided/(Used) by Operating Activities				
Operating Income (Loss)	\$ (139,213)	\$ (35,223)	\$ 1,730	\$ (172,706)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(Used) by Operating Activities				
Depreciation	5,381	7,594		12,975
Food Distribution Program (USDA Commodities)	26,728			26,728
Change in Assets and Liabilities				
(Increase)/Decrease in Accounts Receivable	(893)	831		(62)
(Increase)/Decrease in Inventories	(5)			(5)
(Increase)/Decrease in Prepaid Expenses	(339)			(339)
(Increase)/Decrease in Due from Other Funds	2,302			2,302
Increase/(Decrease) in Due to Other Funds		770		770
Increase/(Decrease) in Accounts Payable	40,524	(1,013)	234	39,745
Increase/(Decrease) in Accrued Salaries and Wages		4,151	(125)	4,026
Increase/(Decrease) in Unearned Revenue	10,087	-	5,431	15,518
Total Adjustments	83,785	12,333	5,540	101,658
Net Cash Provided/(Used) by Operating Activities	\$ (55,428)	\$ (22,890)	\$ 7,270	\$ (71,048)
Non-Cash Investing, Capital and Financing Activities				
Value Received - Food Distribution Program	\$ 26,728			

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

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 40,288	\$ 161,253	\$ 510,104
Total Assets	<u>40,288</u>	<u>161,253</u>	<u>\$ 510,104</u>
LIABILITIES			
Intergovernmental Accounts Payable	\$ 16,434		
Employee Deposits Payable			\$ 353,567
Payroll Deductions and Withholdings			185
Due to Other Funds			121
Due to Student Groups	<u>-</u>	<u>-</u>	<u>156,231</u>
Total Liabilities	<u>16,434</u>	<u>-</u>	<u>\$ 510,104</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 23,854</u>	<u>\$ 161,253</u>	

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

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
Employer	\$ 20,000	
Employee	34,146	
Private		\$ 38,430
Investment Earnings		
Interest	<u>149</u>	<u>308</u>
Total Additions	<u>54,295</u>	<u>38,738</u>
DEDUCTIONS		
Scholarship Awards		34,400
Unemployment Claims and Contributions	<u>76,452</u>	<u> </u>
Total Deductions	<u>76,452</u>	<u>34,400</u>
Change in Net Position	(22,157)	4,338
Net Position, Beginning of Year	<u>46,011</u>	<u>156,915</u>
Net Position, End of Year	<u>\$ 23,854</u>	<u>\$ 161,253</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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. New Accounting Standards

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

The 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. Fiduciary funds are excluded from the district-wide financial statements.

NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position 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 position, 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.

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.

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.

Fund Financial Statements

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 and the food service and latchkey enterprise funds to be major funds.

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, state and local 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 that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 Program 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 Summer Program 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 Program 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 and agency funds. 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. The agency funds account for assets held by the District as an agent for student activities and payroll deductions and withholding. The funds for the student activities fund are solely for noninstructional student activities and the school administration does not have management involvement. The payroll funds are held to remit withholdings to respective state, federal and other agencies.

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".

Reclassifications

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

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. *Cash, Cash Equivalents 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*

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

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

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 and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. 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.

4. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. *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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

7. *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. 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.

8. *Pensions*

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. *Pensions (Continued)*

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

9. *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 position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts 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. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

10. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

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. (See Note 2C)

NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. *Net Position/Fund Balance (Continued)*

Restricted Fund Balance (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. (See Note 2D)

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 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.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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.

2. *Property Taxes*

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

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

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 2013-2014 and 2014-2015 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.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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 program enterprise fund, and of the non major 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. 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; therefore voter approval of the annual budget is not required.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$619,351. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$40,000 and \$39,380 from the general fund.

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. 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.

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.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014		\$ 1,889,555
Increased by:		
Deposits Approved by Board Resolution	\$ 100,000	
Interest Earned	<u>520</u>	
		<u>100,520</u>
		1,990,075
Withdrawals:		
Approved in the District Budget		<u>1,749,351</u>
Balance, June 30, 2015		<u>\$ 240,724</u>

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014		\$ 175,784
Increased by:		
Return of Unexpended Funds	\$ 10,263	
Interest Earned	<u>577</u>	
		<u>10,840</u>
		186,624
Withdrawals:		
Approved by Board Resolution		<u>40,000</u>
Balance, June 30, 2015		<u>\$ 146,624</u>

The June 30, 2015 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$2,062,060. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ <u>285,199</u>
Balance, June 30, 2015	\$ <u>285,199</u>

E. Transfers to Capital Outlay

During the 2014/2015 school year, the district transferred \$18,033 to the non-equipment capital outlay accounts. The transfer was made to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4.

F. 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, 2015 is \$1,733,396. Of this amount, \$902,382 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$831,014 will be appropriated in the 2016/2017 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash 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.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2015, the book value of the Board's deposits were \$3,810,466 and bank and brokerage firm balances of the Board's deposits amounted to \$4,172,592. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>4,172,592</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, 2015 none of the Board's bank balance was 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, 2015, 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 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 for the district's individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental:					
State	\$ 88,314	\$ 4,078	\$ 998,268	\$ 481	\$ 1,091,141
Federal		464,290		12,112	476,402
Accounts	<u>48,665</u>	<u>7,700</u>	<u>-</u>	<u>893</u>	<u>57,258</u>
Gross Receivables	136,979	476,068	998,268	13,486	1,624,801
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 136,979</u>	<u>\$ 476,068</u>	<u>\$ 998,268</u>	<u>\$ 13,486</u>	<u>\$ 1,624,801</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 5,314
Capital Projects Fund	
Unrealized School Facilities Grants	<u>141,947</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 147,261</u>

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, July 1, 2014	Increases	Decreases	Transfers	Balance, June 30, 2015
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,255,000				\$ 3,255,000
Construction in Progress	169,642	\$ 1,971,161	-	\$ (1,376,960)	763,843
Total Capital Assets, Not Being Depreciated	<u>3,424,642</u>	<u>1,971,161</u>	<u>-</u>	<u>(1,376,960)</u>	<u>4,018,843</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	25,720,407	-		1,376,960	27,097,367
Land Improvements	1,563,245				1,563,245
Machinery and Equipment	2,725,891	642,014	\$ (13,171)	-	3,354,734
Total Capital Assets Being Depreciated	<u>30,009,543</u>	<u>642,014</u>	<u>(13,171)</u>	<u>1,376,960</u>	<u>32,015,346</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(9,925,733)	(392,596)			(10,318,329)
Land Improvements	(834,870)	(36,089)			(870,959)
Machinery and Equipment	(1,577,635)	(171,791)	-	-	(1,749,426)
Total Accumulated Depreciation	<u>(12,338,238)</u>	<u>(600,476)</u>	<u>-</u>	<u>-</u>	<u>(12,938,714)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,671,305</u>	<u>41,538</u>	<u>(13,171)</u>	<u>1,376,960</u>	<u>19,076,632</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,095,947</u>	<u>\$ 2,012,699</u>	<u>\$ (13,171)</u>	<u>\$ -</u>	<u>\$ 23,095,475</u>
	Balance, July 1, 2014	Increases	Decreases	Balance, June 30, 2015	
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 213,470	\$ 14,216	-	\$ 227,686	
Total Capital Assets Being Depreciated	<u>213,470</u>	<u>14,216</u>	<u>-</u>	<u>227,686</u>	
Less Accumulated Depreciation for:					
Machinery and Equipment	(127,280)	(12,975)	-	(140,255)	
Total Accumulated Depreciation	<u>(127,280)</u>	<u>(12,975)</u>	<u>-</u>	<u>(140,255)</u>	
Total Capital Assets, Being Depreciated, Net	<u>86,190</u>	<u>1,241</u>	<u>-</u>	<u>87,431</u>	
Business-Type Activities Capital Assets, Net	<u>\$ 86,190</u>	<u>\$ 1,241</u>	<u>\$ -</u>	<u>\$ 87,431</u>	

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 46,972
Special	2,939
School-Sponsored/Other Instructional	<u>2,687</u>
Total Instruction	<u>52,598</u>

Support Services	
Student and Instruction Related Services	1,094
General Administrative Services	6,339
School Administrative Services	15,517
Plant Operations and Maintenance	445,660
Pupil Transportation	39,847
Central and Other Support Services	<u>39,421</u>
Total Support Services	<u>547,878</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 600,476</u>
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Business-Type Activities:

Food Service	\$ 5,381
Latch Key Program	<u>7,594</u>

Total Depreciation Expense-Business-Type Activities	<u>\$ 12,975</u>
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**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
<u>Capital Projects Fund</u>		
Boiler Replacement at Berkley Street Elementary School	\$ 763,843	\$ 15,344

E. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 229,969
General Fund	Capital Projects Fund	376,108
General Fund	Payroll Agency Fund	121
General Fund	Latchkey Enterprise Fund	171
Food Service Fund	General Fund	16,271
Food Service Fund	Latchkey Enterprise Fund	3,570
Total		<u>\$ 626,210</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

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

NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfers In:</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Transfers Out:			
General Fund	\$ 691	\$ 1,749,351	\$ 1,750,042
Capital Projects Fund	<u>(1,749,351)</u>	<u>(691)</u>	<u>(1,750,042)</u>
	<u>\$ (1,748,660)</u>	<u>\$ 1,748,660</u>	<u>\$ -</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2015 were \$71,940. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ 71,940
2017	71,940
2018	71,940
2019	<u>11,990</u>
Total	<u>\$ 227,810</u>

Capital Leases

The District is leasing several vehicles and phone equipment totaling \$647,234 under capital leases. The leases are for terms of 3 to 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 647,234</u>
Total	<u>\$ 647,234</u>

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Fiscal <u>Year Ending June 30</u>	Governmental <u>Activities</u>
2016	\$ 181,003
2017	159,925
2018	40,097
2019	40,097
2020	<u>19,831</u>
Total minimum lease payments	440,953
Less: amount representing interest	<u>17,022</u>
Present value of minimum lease payments	<u>\$ 423,931</u>

Lease Purchase Agreements

The District has entered into lease purchase agreements for the purchase of Chromebook computer supplies for the term of 3 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Fiscal <u>Year Ending June 30</u>	Governmental <u>Activities</u>
2016	\$ 55,832
2017	<u>55,832</u>
Total minimum lease payments	111,664
Less: amount representing interest	<u>(8,747)</u>
Present value of minimum lease payments	<u>\$ 102,917</u>

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. 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, 2015 are comprised of the following issue:

\$4,515,000, 2009 Refunding Bonds, due in annual installments of \$425,000 to \$440,000 through August 15, 2020, interest at 4.00% \$2,600,000

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 435,000	\$ 95,300	\$ 530,300
2017	440,000	77,800	517,800
2018	435,000	60,300	495,300
2019	435,000	42,900	477,900
2020	430,000	25,600	455,600
2021	<u>425,000</u>	<u>8,500</u>	<u>433,500</u>
Total	<u>\$ 2,600,000</u>	<u>\$ 310,400</u>	<u>\$ 2,910,400</u>

NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 70,976,454
Less: Net Debt Issued	<u>2,600,000</u>
Remaining Borrowing Power	<u>\$ 68,376,454</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 3,015,000		\$ 415,000	\$ 2,600,000	\$ 435,000
Add:					
Unamortized Premium	<u>126,777</u>	-	<u>26,764</u>	<u>100,013</u>	-
Total Bonds Payable	3,141,777	-	441,764	2,700,013	435,000
Capital Leases Payable	40,446	\$ 557,516	174,031	423,931	171,493
Lease Purchase Agreements		158,750	55,833	102,917	50,053
Compensated Absences Payable	342,711	148,306	99,764	391,253	39,125
Net Pension Liability	<u>8,714,770</u>	<u>369,413</u>	<u>-</u>	<u>9,084,183</u>	<u>502,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 12,239,704</u>	<u>\$ 1,233,985</u>	<u>\$ 771,392</u>	<u>\$ 12,702,297</u>	<u>\$ 1,197,671</u>

For the governmental activities, the liabilities for compensated absences, capital leases, lease purchase agreements and net pension liability are generally liquidated by the general fund.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 and various other types of insurance coverage.

The relationship between the Board and the insurance fund 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 fund, to report claims on a timely basis, cooperate with the management of the fund, 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 fund 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 fund are on file with the School's Business Administrator.

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

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

<u>Fiscal 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>
2015	\$ 20,000	\$ 34,146	\$ 76,452	\$ 23,854
2014	75,000	32,238	81,402	46,011
2013	21,000	39,333	48,849	20,021

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

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, 2015, 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, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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. TPAF is a cost sharing plan with special funding situations.

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, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

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

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

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. 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 or at www.state.nj.us/treasury/doinvest.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2013 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 (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 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 6.9% for PERS, 6.9% 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 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 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 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2015, 2014 and 2013 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:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 399,988	\$ 689,679	\$ 20,246
2014	347,694	516,465	15,723
2013	357,324	806,334	15,403

For fiscal years 2014/2015 and 2012/2013, the state contributed \$689,679 and \$806,334, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$516,465 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$948,182 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$9,084,183 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was 0.04851 percent, which was an increase of 0.00292 from its proportionate share measured as of June 30, 2013.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$553,526 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 285,655	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 541,368
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>471,588</u>	<u>-</u>
Total	<u>\$ 757,243</u>	<u>\$ 541,368</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ 3,857
2017	3,857
2018	3,857
2019	3,857
2020	139,199
Thereafter	<u>61,248</u>
	<u>\$ 215,875</u>

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent for TPAF and the State's proportionate share is 100%. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,511,052 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$65,249,801. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

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

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

TPAF

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2027

Municipal Bond Rate * From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 78,478,546</u>	<u>\$ 65,249,801</u>	<u>\$ 54,247,380</u>

NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability (Continued)

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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 classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid 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 paid 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 state 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.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes 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 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 or 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, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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 fiscal years ended June 30, 2015, 2014 and 2013 were \$1,094,866, \$846,808 and \$911,760, 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.

NOTE 5 RESTATEMENT

On July 1, 2014, the New Milford Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The New Milford Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$8,714,770. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$22,147,868 as originally reported to \$13,433,098 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 29,412,229		\$ 29,412,229	\$ 29,412,229	
Tuition	149,000		149,000	348,161	\$ 199,161
Transportation Fees from Other LEA's	25,000		25,000	31,003	6,003
Interest				18,789	18,789
Interest Earned on Capital Reserve				520	520
Interest Earned on Maintenance Reserve				577	577
Miscellaneous	43,137	-	43,137	70,281	27,144
Total Local Sources	<u>29,629,366</u>	<u>-</u>	<u>29,629,366</u>	<u>29,881,560</u>	<u>252,194</u>
State Sources					
Special Education Aid	1,292,035	-	1,292,035	1,292,035	-
Equalization Aid	323,334	-	323,334	323,334	-
Security Aid	41,569	-	41,569	41,569	-
Transportation Aid	71,767	-	71,767	71,767	-
PARCC Readiness Aid	20,170	-	20,170	20,170	-
Per Pupil Growth Aid	20,170	-	20,170	20,170	-
Extraordinary Aid	500,000	-	500,000	484,289	(15,711)
Nonpublic Transportation Aid		-	-	40,210	40,210
TPAF Pension Benefits Contribution (Non-Budget)		-	-	643,390	643,390
TPAF Pension - NCGI Premium (Non-Budget)		-	-	46,289	46,289
TPAF Post Retirement Medical Contribution (Non-Budget)	-	-	-	1,094,866	1,094,866
TPAF Social Security Contributions (Non-Budget)	-	-	-	948,182	948,182
Total State Sources	<u>2,269,045</u>	<u>-</u>	<u>2,269,045</u>	<u>5,026,271</u>	<u>2,757,226</u>
Federal Sources					
Medicaid Reimbursement	13,940	-	13,940	4,323	(9,617)
Total Federal Sources	<u>13,940</u>	<u>-</u>	<u>13,940</u>	<u>4,323</u>	<u>(9,617)</u>
Total Revenues	<u>31,912,351</u>	<u>-</u>	<u>31,912,351</u>	<u>34,912,154</u>	<u>2,999,803</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	444,250	\$ 60,780	505,030	505,030	-
Grades 1-5	2,616,850	114,092	2,730,942	2,727,204	3,738
Grades 6-8	1,951,451	(19,636)	1,931,815	1,931,765	50
Grades 9-12	3,252,365	(56,255)	3,196,110	3,195,541	569
Regular Programs - Home Instruction					
Salaries of Teachers	3,500	2,210	5,710	5,710	-
Purchased Professional/Educational Services	5,800	11,403	17,203	17,137	66
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	12,000	(480)	11,520	10,540	980
Purchased Professional/Educational Services	25,000	161	25,161	22,572	2,589
Purchased Technical Services	250	-	250	-	250
Other Purchased Services	72,580	4,092	76,672	76,198	474
General Supplies	670,733	(3,774)	666,959	622,260	44,699
General Supplies - Acquired Under Lease Purchase (Nonbudgeted)		-		158,750	(158,750)
Textbooks	216,259	(51,911)	164,348	161,108	3,240
Other Objects	21,100	16,619	37,719	27,656	10,063
Total Regular Programs	<u>9,292,138</u>	<u>77,301</u>	<u>9,369,439</u>	<u>9,461,471</u>	<u>(92,032)</u>

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES (Continued)					
CURRENT (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 201,890	\$ (29,445)	\$ 172,445	\$ 172,103	\$ 342
Other Salaries for Instruction	34,440	(11,900)	22,540	22,128	412
General Supplies	9,250	2,678	11,928	7,283	4,645
Textbooks	500	-	500	-	500
Total Learning and/or Language Disabilities	<u>246,080</u>	<u>(38,667)</u>	<u>207,413</u>	<u>201,514</u>	<u>5,899</u>
Multiple Disabilities					
Salaries of Teachers	54,595	2,008	56,603	55,765	838
Other Salaries for Instruction	39,180	(29,514)	9,666	9,665	1
General Supplies	2,500	-	2,500	2,125	375
Textbooks	2,500	-	2,500	1,041	1,459
Other Objects	-	2,160	2,160	2,160	-
Total Multiple Disabilities	<u>98,775</u>	<u>(25,346)</u>	<u>73,429</u>	<u>70,756</u>	<u>2,673</u>
Resource Room/Resource Center					
Salaries of Teachers	1,296,835	37,414	1,334,249	1,329,701	4,548
Other Salaries for Instruction	181,950	61,444	243,394	236,525	6,869
General Supplies	11,350	(2,038)	9,312	7,009	2,303
Textbooks	250	20,369	20,619	20,619	-
Total Resource Room/Resource Center	<u>1,490,385</u>	<u>117,189</u>	<u>1,607,574</u>	<u>1,593,854</u>	<u>13,720</u>
Autism					
Salaries of Teachers	197,149	(39,959)	157,190	156,300	890
Other Salaries for Instruction	310,700	(20,000)	290,700	286,770	3,930
General Supplies	-	7,857	7,857	7,833	24
Total Autism	<u>507,849</u>	<u>(52,102)</u>	<u>455,747</u>	<u>450,903</u>	<u>4,844</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	63,765	3,180	66,945	66,560	385
Other Salaries for Instruction	42,110	(14,463)	27,647	27,647	-
Total Preschool Disabilities - Part-Time	<u>105,875</u>	<u>(11,283)</u>	<u>94,592</u>	<u>94,207</u>	<u>385</u>
Home Instruction					
Salaries of Teachers	5,000	(2,460)	2,540	890	1,650
Purchased Professional Educational Services	3,000	(600)	2,400	-	2,400
Total Home Instruction	<u>8,000</u>	<u>(3,060)</u>	<u>4,940</u>	<u>890</u>	<u>4,050</u>
Total Special Education	<u>2,456,964</u>	<u>(13,269)</u>	<u>2,443,695</u>	<u>2,412,124</u>	<u>31,571</u>
Basic Skills/Remedial					
Salaries of Teachers	135,459	(22,620)	112,839	112,839	-
General Supplies	-	2,426	2,426	2,426	-
Total Basic Skills/Remedial	<u>135,459</u>	<u>(20,194)</u>	<u>115,265</u>	<u>115,265</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	156,852	14,683	171,535	154,660	16,875
General Supplies	4,450	550	5,000	5,000	-
Other Objects	-	200	200	200	-
Total Bilingual Education	<u>161,302</u>	<u>15,433</u>	<u>176,735</u>	<u>159,860</u>	<u>16,875</u>

NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
School Sponsored Co/Extra Curricular Activities					
Salaries	\$ 179,460	\$ (21,284)	\$ 158,176	\$ 154,677	\$ 3,499
Purchased Professional - Educational Services		6,500	6,500	6,500	-
Purchased Services	8,500	(2,417)	6,083	6,083	-
Supplies and Materials	32,550	(13,725)	18,825	18,251	574
Other Objects	2,800	(269)	2,531	1,398	1,133
Total School Sponsored Co/Extra Curricular Activities	223,310	(31,195)	192,115	186,909	5,206
School Sponsored Athletics					
Salaries	396,152	1,508	397,660	396,120	1,540
Purchased Services	142,800	11,072	153,872	147,832	6,040
Supplies and Materials	45,000	18,489	63,489	60,383	3,106
Other Objects	9,700	1,208	10,908	10,902	6
Total School Sponsored Athletics	593,652	32,277	625,929	615,237	10,692
Instructional Alternative Ed Prog - Instruction					
Salaries	40,000	585	40,585	40,585	-
Purchased Professional and Technical Services	1,000	(585)	415	-	415
General Supplies	5,000	-	5,000	-	5,000
Total Instructional/Alternative Ed Prog - Instruction	46,000	-	46,000	40,585	5,415
Total Instruction	12,908,825	60,353	12,969,178	12,991,451	(22,273)
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Regular		345	345	345	-
Tuition to Other LEAs w/i State - Special	1,058,074	(257,364)	800,710	784,699	16,011
Tuition to County Voc. School Dist.-Regular	398,456	(50,273)	348,183	342,613	5,570
Tuition to County Voc. School Dist.- Special	141,700	50,273	191,973	184,680	7,293
Tuition to CSSD & Reg. Day Schools	225,550	(51,063)	174,487	172,012	2,475
Tuition to Priv. Sch. Disabled - Within State	494,382	164,312	658,694	654,580	4,114
Total Undistributed Expenditures - Instruction	2,318,162	(143,770)	2,174,392	2,138,929	35,463
Attendance and Social Work					
Salaries	96,599	1,235	97,834	97,831	3
Purchased Professional and Technical Services	39,500	(4,910)	34,590	32,018	2,572
Other Purchased Services	2,500	-	2,500	2,200	300
Supplies and Materials	2,800	(90)	2,710	769	1,941
Total Attendance and Social Work	141,399	(3,765)	137,634	132,818	4,816
Health Services					
Salaries	329,370	28,170	357,540	357,510	30
Purchased Professional and Technical Services	21,250	(4,750)	16,500	15,547	953
Other Purchased Services	225	974	1,199	1,199	-
Supplies and Materials	5,800	1,187	6,987	6,023	964
Other Objects	400	(400)	-	-	-
Total Health Services	357,045	25,181	382,226	380,279	1,947

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Speech, OT, PT & Related Serv.					
Salaries	\$ 319,900	\$ (21,907)	\$ 297,993	\$ 297,993	\$ -
Purchased Professional/Educational Services	166,520	(4,934)	161,586	115,780	45,806
Supplies and Materials	850	2,500	3,350	3,019	331
	<u>487,270</u>	<u>(24,341)</u>	<u>462,929</u>	<u>416,792</u>	<u>46,137</u>
Other Support Services - Students - Extra Serv.					
Salaries	619,396	136,673	756,069	755,452	617
Purchased Professional/Educational Services	418,000	(52,095)	365,905	303,114	62,791
	<u>1,037,396</u>	<u>84,578</u>	<u>1,121,974</u>	<u>1,058,566</u>	<u>63,408</u>
Guidance					
Salaries of Other Professional Staff	521,155	22,681	543,836	541,323	2,513
Salaries of Secretarial & Clerical Assistants	50,653	(9,113)	41,540	41,223	317
Other Purchased Professional and Technical Svs.	10,800	(345)	10,455	8,279	2,176
Other Purchased Services	800	540	1,340	1,004	336
Supplies and Materials	5,315	-	5,315	4,972	343
Other Objects	500	345	845	845	-
	<u>589,223</u>	<u>14,108</u>	<u>603,331</u>	<u>597,646</u>	<u>5,685</u>
Child Study Team					
Salaries of Other Professional Staff	574,680	149,482	724,162	720,628	3,534
Salaries of Secretarial & Clerical Assistants	143,361	(6,134)	137,227	137,227	-
Purchased Professional-Educational Services	65,000	(12,650)	52,350	38,869	13,481
Other Purchased Professional and Technical Svs.	-	-	-	-	-
Other Purchased Services	3,900	-	3,900	660	3,240
Supplies and Materials	13,000	9,500	22,500	21,881	619
Other Objects	1,200	-	1,200	500	700
	<u>801,141</u>	<u>140,198</u>	<u>941,339</u>	<u>919,765</u>	<u>21,574</u>
Educational Media/School Library					
Salaries	338,430	(81,817)	256,613	256,613	-
Salaries of Technology Coordinators	117,500	545	118,045	118,043	2
Purchased Professional and Technical Services	10,300	(160)	10,140	9,829	311
Other Purchased Services	53	-	53	-	53
Supplies and Materials	55,030	1,422	56,452	47,889	8,563
Other Objects	200	-	200	-	200
	<u>521,513</u>	<u>(80,010)</u>	<u>441,503</u>	<u>432,374</u>	<u>9,129</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	17,750	(4,250)	13,500	13,000	500
Purchased Professional-Educational Services	59,100	4,720	63,820	56,349	7,471
Other Purchased Services	13,450	(8,604)	4,846	3,876	970
	<u>90,300</u>	<u>(8,134)</u>	<u>82,166</u>	<u>73,225</u>	<u>8,941</u>

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 461,990	\$ 1,265	\$ 463,255	\$ 463,252	\$ 3
Legal Services	40,000	123,310	163,310	149,967	13,343
Audit Fees	30,000	27,490	57,490	30,048	27,442
Architectural / Engineering Services	15,000	(15,000)			-
Other Purchased Professional Services	14,000	(4,851)	9,149	9,149	-
Purchased Technical Services	1,000	5,480	6,480	6,480	-
Communications/Telephone	40,300	62,425	102,725	102,725	-
BOE Other Purchased Services	5,000	529	5,529	5,529	-
Miscellaneous Purchased Services	20,032	2,122	22,154	20,948	1,206
General Supplies	5,700	11,167	16,867	16,566	301
BOE In-House Training/Meeting Supplies	900	(357)	543	543	-
Judgements Against District		160,759	160,759	88,544	72,215
Miscellaneous Expenditures	4,000	254	4,254	4,254	-
BOE Membership Dues and Fees	13,000	-	13,000	12,855	145
Total Support Services General Administration	650,922	374,593	1,025,515	910,860	114,655
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog Director	793,654	(39,210)	754,444	754,386	58
Salaries of Other Professional Staff	461,897	(3,653)	458,244	458,244	-
Salaries of Secretarial and Clerical Assistants	338,506	26,481	364,987	363,537	1,450
Other Purchased Services	24,950	2,269	27,219	23,096	4,123
Supplies and Materials	40,350	(1,290)	39,060	31,453	7,607
Other Objects	13,687	1,260	14,947	9,414	5,533
Total Support Services School Administration	1,673,044	(14,143)	1,658,901	1,640,130	18,771
Undistributed Expenditures - Central Services					
Salaries	410,462	(3,197)	407,265	407,211	54
Purchased Professional Services	5,000	(1,699)	3,301	89	3,212
Purchased Technical Services	21,200	5,121	26,321	26,321	-
Misc. Purchased Services	3,000	1,372	4,372	4,308	64
Supplies and Materials	7,100	(5,702)	1,398	-	1,398
Miscellaneous Expenditures	1,750	(316)	1,434	1,434	-
Total Undistributed Expenditures - Central Services	448,512	(4,421)	444,091	439,363	4,728
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	175,310	5,435	180,745	180,745	-
Purchased Professional Services	5,000	-	5,000	5,000	-
Purchased Technical Services	103,625	1,799	105,424	105,036	388
Other Purchased Services	12,000	(2,654)	9,346	9,346	-
Supplies and Materials	87,617	(14,749)	72,868	66,413	6,455
Lease Purch Agree-Principal	-	175,661	175,661	175,660	1
Total Undistributed Expenditures - Admin. Info. Tech.	383,552	165,492	549,044	542,200	6,844
Required Maintenance for School Facilities					
Salaries	330,912	5,263	336,175	335,681	494
Purchased Professional and Technical Services		-			-
Cleaning, Repair and Maintenance Services	126,145	124,110	250,255	221,946	28,309
General Supplies	102,000	(4,227)	97,773	87,629	10,144
Total Required Maintenance for School Facilities	559,057	125,146	684,203	645,256	38,947

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 1,073,794	\$ (37,074)	\$ 1,036,720	\$ 1,035,224	\$ 1,496
Salaries of Non-Instructional Aides	180,604	(15,950)	164,654	164,654	-
Purchased Professional-Technical Services	21,590	3,000	24,590	10,306	14,284
Cleaning, Repair and Maintenance Services	106,535	(12,867)	93,668	77,126	16,542
Other Purchased Property Services	38,000	3,447	41,447	39,569	1,878
Insurance	246,700	(3,194)	243,506	243,506	-
Miscellaneous Purchased Services	6,800	-	6,800	3,874	2,926
General Supplies	109,320	9,475	118,795	104,906	13,889
Energy (Natural Gas)	310,000	(56,644)	253,356	221,831	31,525
Energy (Electricity)	334,000	30,294	364,294	353,185	11,109
Other Objects	350	-	350	350	-
Total Custodial Services	2,427,693	(79,513)	2,348,180	2,254,531	93,649
Care and Upkeep of Grounds					
Salaries	161,625	807	162,432	162,358	74
Cleaning, Repair and Maintenance Services	72,700	(25,211)	47,489	46,376	1,113
General Supplies	15,000	29,326	44,326	42,231	2,095
Other Objects	-	8,309	8,309	1,323	6,986
Total Care and Upkeep of Grounds	249,325	13,231	262,556	252,288	10,268
Security					
Purchased Professional-Technical Services	139,000	(155)	138,845	136,410	2,435
Purchased Professional-Educational Services	-	155	155	155	-
Cleaning, Repair and Maintenance Services	69,500	65,317	134,817	90,042	44,775
Total Security	208,500	65,317	273,817	226,607	47,210
Student Transportation Services					
Salaries of Non-Instructional Aides	38,000	1,300	39,300	39,226	74
Salaries for Pupil Transportation (Between Home and School) - Regular	49,347	227	49,574	49,574	-
Salaries for Pupil Transportation (Between Home and School) - Spec. Ed.	57,247	1,700	58,947	58,567	380
Salaries for Pupil Transportation (Other Than Between Home and School)	114,902	6,580	121,482	121,445	37
Other Purchased Professional and Technical Svs.	1,400	344	1,744	1,744	-
Cleaning, Repair and Maintenance Services	25,000	3,207	28,207	28,058	149
Lease Purchase Payment - School Buses	36,000	9,078	45,078	45,078	-
Contracted Services - Aid in Lieu of Payments-Nonpublic Schools	176,800	(4,405)	172,395	171,766	629
Contracted Services - Aid in Lieu of Payments - Choice Sch. Students	5,000	(1,731)	3,269	2,652	617
Contracted Services (Between Home and School) - Vendors	20,500	-	20,500	18,600	1,900
Contracted Services (Other Than Between Home and School) - Vendors	27,500	(19,302)	8,198	4,303	3,895
Contracted Services (Between Home and School) - Joint Agreement	75,000	(28,113)	46,887	32,938	13,949
Contracted Services (Special Ed Students) - Joint Agreement	300,000	10,091	310,091	310,091	-
Miscellaneous Purchased Services-Transportation	500	-	500	-	-
General Supplies	500	3,022	3,522	2,184	1,338
Transportation Supplies	30,000	-	30,000	19,869	10,131
Other Objects	1,650	600	2,250	2,250	-
Total Student Transportation Services	958,846	(17,402)	941,444	908,345	33,099

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits- Employee Benefits					
Group Insurance	\$ 7,200	-	\$ 7,200	\$ 6,509	\$ 691
Social Security Contributions	455,000	\$ 75,520	530,520	530,520	-
Other Retirement Contributions - PERS	410,000	(10,000)	400,000	399,988	12
Other Retirement Contributions - Regular	17,000	3,246	20,246	20,246	-
Unemployment Compensation	50,000	(30,000)	20,000	20,000	-
Workmen's Compensation	178,000	5,003	183,003	183,003	-
Health Benefits	4,238,966	(109,206)	4,129,760	4,078,141	51,619
Tuition Reimbursement	69,900	(24,400)	45,500	45,500	-
Other Employee Benefits	212,300	(25,151)	187,149	168,965	18,184
Total Unallocated Benefits	5,638,366	(114,988)	5,523,378	5,452,872	70,506
On-Behalf (Non-Budget)					
TPAF Pension Benefit Contribution (Non-Budget)				643,390	(643,390)
TPAF Pension - NCGI Premium (Non-Budget)				46,289	(46,289)
TPAF Post Retirement Medical Contribution (Non-Budget)				1,094,866	(1,094,866)
TPAF Social Security Contributions (Non-Budget)	-	-	-	948,182	(948,182)
Total On-Behalf	-	-	-	2,732,727	(2,732,727)
Total Undistributed Expenditures	19,541,266	517,357	20,058,623	22,155,573	(2,096,950)
Total Current Expenditures	32,450,091	577,710	33,027,801	35,147,024	(2,119,223)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 1-5	42,000	(33,436)	8,564		8,564
Grades 6-8	14,000	-	14,000	11,537	2,463
Grades 9-12	20,500	14,697	35,197	14,697	20,500
School Sponsored and Other Instructional Programs		15,818	15,818	15,818	-
Undistributed					
Instruction	68,000	(48,250)	19,750		19,750
School Admin		13,972	13,972	13,972	-
Admin. Info. Tech.	118,950	(103,626)	15,324	15,324	-
Clean, Repair and Maint. Services		18,666	18,666	6,436	12,230
Care and Upkeep of Grounds	13,000	1,263	14,263	9,572	4,691
Security		6,250	6,250	6,250	-
School Buses - Regular	-	24,789	24,789	-	24,789
Total Equipment	276,450	(89,857)	186,593	93,606	92,987
Facilities Acquisition and Construction Services					
Construction Services	60,000	18,033	78,033	29,124	48,909
Assessment for Debt Service on SDA Funding	40,094	-	40,094	40,094	-
Total Facilities Acquisition and Construction Services	100,094	18,033	118,127	69,218	48,909
Assets Acquired Under Capital Lease	-	-	-	198,033	\$ (198,033)
Total Capital Outlay	376,544	(71,824)	304,720	360,857	(56,137)
Transfer of Funds to Charter Schools	-	9,109	9,109	5,695	3,414
Total General Fund	32,826,635	514,995	33,341,630	35,513,576	(2,171,946)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(914,284)	(514,995)	(1,429,279)	(601,422)	827,857

NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CAPITAL OUTLAY (Continued)					
Other Financing Sources (Uses)					
Capital Leases Proceeds				\$ 198,033	\$ 198,033
Lease Purchase Proceeds				158,750	158,750
Transfers In				691	691
Transfer Out	\$ (1,749,351)	\$ -	\$ (1,749,351)	(1,749,351)	-
Total Other Financing Sources (Uses)	(1,749,351)	-	(1,749,351)	(1,391,877)	357,474
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under)					
Expenditures and Other Financing Sources (Uses)	(2,663,635)	(514,995)	(3,178,630)	(1,993,299)	1,185,331
Fund Balance, Beginning of Year	5,287,732	-	5,287,732	5,287,732	-
Fund Balance, End of Year	\$ 2,624,097	\$ (514,995)	\$ 2,109,102	\$ 3,294,433	\$ 1,185,331

Reconciliation of Governmental Funds Statements (GAAP)

Restricted Fund Balance	
Capital Reserve	\$ 240,724
Maintenance Reserve	146,624
Emergency Reserve	285,199
Excess Surplus	831,014
Excess Surplus - Designated for Subsequent Year's Budget	902,382
Assigned Fund Balance	
Year End Encumbrances	164,812
Unassigned Fund Balance	<u>723,678</u>
Fund Balance- Budgetary Basis	3,294,433
Less: State Aid Revenue not recognized on GAAP basis	<u>(611,595)</u>
Fund Balance per Governmental Funds Statements (GAAP)	<u>\$ 2,682,838</u>

**NEW MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 469,197	\$ (650)	\$ 468,547	\$ 373,559	\$ (94,988)
Federal	749,211	84,592	833,803	704,827	(128,976)
Local	-	20,414	20,414	14,991	(5,423)
Total Revenues	<u>1,218,408</u>	<u>104,356</u>	<u>1,322,764</u>	<u>1,093,377</u>	<u>(229,387)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		183,217	183,217	121,175	62,042
Purchased Professional/Technical Services	367,057	(118,286)	248,771	196,263	52,508
Other Purchased Services	802,325	(292,080)	510,245	475,617	34,628
General Supplies	35,926	62,966	98,892	67,080	31,812
Textbooks	-	38,310	38,310	37,695	615
Other Objects	-	378	378	-	378
Total Instruction	<u>1,205,308</u>	<u>(125,495)</u>	<u>1,079,813</u>	<u>897,830</u>	<u>181,983</u>
Support Services					
Salaries of Other Professional Staff	-	800	800	-	800
Purchased Professional/Educational Services		5,000	5,000	4,000	1,000
Purchased Professional/Technical Services		27,909	27,909	23,996	3,913
Other Purchased Services		135,487	135,487	120,916	14,571
Supplies and Materials	-	40,881	40,881	26,535	14,346
Total Support Services	<u>-</u>	<u>210,077</u>	<u>210,077</u>	<u>175,447</u>	<u>34,630</u>
Unallocated Benefits					
Employee Benefits	-	18,460	18,460	20,100	(1,640)
Facilities Acquisition and Equipment					
Instructional Equipment	13,100	(6,686)	6,414	-	6,414
Non-Instructional Equipment	-	8,000	8,000	-	8,000
Total Facilities Acquisition and Equipment	<u>13,100</u>	<u>1,314</u>	<u>14,414</u>	<u>-</u>	<u>14,414</u>
Total Expenditures	<u>1,218,408</u>	<u>104,356</u>	<u>1,322,764</u>	<u>1,093,377</u>	<u>229,387</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>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NEW MILFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 34,912,154	\$ 1,093,377
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances June 30, 2014		22,112
State Aid payments not recognized for budgetary purposes, recognized for GAAP statements. 2013/2014 State Aid	615,226	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. 2014/2015 State Aid	<u>(611,595)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 34,915,785</u>	<u>\$ 1,115,489</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 35,513,576	\$ 1,093,377
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances June 30, 2014	<u>-</u>	<u>22,112</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 35,513,576</u>	<u>\$ 1,115,489</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

**NEW MILFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

**Last Two Fiscal Years*
(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.04851%	0.04559%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,084,183	\$ 8,714,770
District's Covered-Employee Payroll	\$ 3,226,012	\$ 3,209,279
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	281.59%	271.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NEW MILFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

**Last Two Fiscal Years
(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 399,988	\$ 347,694
Contributions in Relation to the Contractually Required Contribution	<u>399,988</u>	<u>347,694</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 3,226,012	\$ 3,209,279
Contributions as a Percentage of Covered-Employee Payroll	12.40%	10.83%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

NEWMILFORD BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Teachers Pension and Annuity Fund

Last Two Fiscal Years*
 (Dollar amounts in thousands)

	2015	2014
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 65,249,801</u>	<u>\$ 63,067,602</u>
Total	<u>\$ 65,249,801</u>	<u>\$ 63,067,602</u>
District's Covered-Employee Payroll	\$ 13,064,513	\$ 12,476,921
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NEW MILFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

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, 2015

	NJEA Pride	Other Local Grants	Ch. 192 Svcs.				Ch. 193 Svcs.			Total Page 2	Grand Total 2015
			Nonpublic Compensatory Education	Nonpublic ESL	Nonpublic Transport.	Home Instruction	Nonpublic Supplemental Instruction	Nonpublic Exam./ Classification	Nonpublic Corrective Speech		
REVENUES											
Intergovernmental											
State			\$ 104,809	\$ 18,165	\$ 37,800	\$ 4,078	\$ 37,038	\$ 3,528	\$ 46,560	\$ 121,581	\$ 373,559
Federal										704,827	704,827
Local Sources	\$ 7,700	\$ 7,291	-	-	-	-	-	-	-	-	14,991
Total Revenues	\$ 7,700	\$ 7,291	\$ 104,809	\$ 18,165	\$ 37,800	\$ 4,078	\$ 37,038	\$ 3,528	\$ 46,560	\$ 826,408	\$ 1,093,377
EXPENDITURES											
Instruction											
Salaries of Teachers		\$ 3,800		\$ 10,309				\$ 3,528		\$ 103,538	\$ 121,175
Purchased Professional & Technical Services			\$ 104,809	7,856			\$ 37,038		\$ 46,560	-	196,263
Other Purchased Services					\$ 37,800	\$ 4,078				433,739	475,617
General Supplies		3,113								63,967	67,080
Textbooks	-	378								37,317	37,695
Total Instruction	-	7,291	104,809	18,165	37,800	4,078	37,038	3,528	46,560	638,561	897,830
Support Services											
Personal Services Employee-Benefits										20,100	20,100
Purchased Professional/ Educational Services										4,000	4,000
Purchased Professional & Technical Services										23,996	23,996
Other Purchased Services										120,916	120,916
Supplies and Materials	\$ 7,700	-	-	-	-	-	-	-	-	18,835	26,535
Total Support Services	7,700	-	-	-	-	-	-	-	-	187,847	195,547
Total Expenditures	\$ 7,700	\$ 7,291	\$ 104,809	\$ 18,165	\$ 37,800	\$ 4,078	\$ 37,038	\$ 3,528	\$ 46,560	\$ 826,408	\$ 1,093,377

(Continued)

NEW MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>IDEA Part B-Basic</u>	<u>IDEA Part B Preschool</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>Total</u>
REVENUES										
Intergovernmental										
State							\$ 64,308	\$ 37,317	\$ 19,956	\$ 121,581
Federal	\$ 109,209	\$ 32,248	\$ 23,884	\$ 12,670	\$ 506,802	\$ 20,014				704,827
Local Sources	-	-	-	-	-	-	-	-	-	-
	<u>\$ 109,209</u>	<u>\$ 32,248</u>	<u>\$ 23,884</u>	<u>\$ 12,670</u>	<u>\$ 506,802</u>	<u>\$ 20,014</u>	<u>\$ 64,308</u>	<u>\$ 37,317</u>	<u>\$ 19,956</u>	<u>\$ 826,408</u>
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 80,480		\$ 3,800	\$ 7,258		\$ 12,000				\$ 103,538
Purchased Professional & Technical Services										-
Other Purchased Services					\$ 369,431		\$ 64,308			433,739
General Supplies	7,270		18,426	2,043	11,378	4,894			\$ 19,956	63,967
Textbooks	-	-	-	-	-	-	-	\$ 37,317	-	37,317
Total Instruction	<u>87,750</u>	<u>-</u>	<u>22,226</u>	<u>9,301</u>	<u>380,809</u>	<u>16,894</u>	<u>64,308</u>	<u>37,317</u>	<u>19,956</u>	<u>638,561</u>
Support Services										
Personal Services Employee-Benefits	13,520	\$ 1,640	1,300	520		3,120				20,100
Purchased Professional/ Educational Services	4,000									4,000
Purchased Professional & Technical Services		23,996								23,996
Other Purchased Services			358		120,558					120,916
Supplies and Materials	3,939	6,612	-	2,849	5,435	-	-	-	-	18,835
Total Support Services	<u>21,459</u>	<u>32,248</u>	<u>1,658</u>	<u>3,369</u>	<u>125,993</u>	<u>3,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,847</u>
Total Expenditures	<u>\$ 109,209</u>	<u>\$ 32,248</u>	<u>\$ 23,884</u>	<u>\$ 12,670</u>	<u>\$ 506,802</u>	<u>\$ 20,014</u>	<u>\$ 64,308</u>	<u>\$ 37,317</u>	<u>\$ 19,956</u>	<u>\$ 826,408</u>

**NEW MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**NEW MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue/ Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30,2015</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Boiler Replacement at Berkley Street Elementary School	\$ 1,118,710	\$ 64,890	\$ 698,953	\$ 354,867
Roof Replacement at David E. Owens Middle School	1,628,909	104,752	1,272,208	251,949
Phone Lease Project	359,483	-	359,483	-
	<u>\$ 3,107,102</u>	<u>\$ 169,642</u>	<u>\$ 2,330,644</u>	<u>\$ 606,816</u>
				Project Balance <u>\$ 606,816</u>
				Fund Balance, Budgetary Basis 606,816
				Less: Unrealized SDA Grants <u>(141,947)</u>
				Fund Balance, GAAP Basis <u>\$ 464,869</u>
				<u>Reconciliation of Fund Balance</u>
				Restricted
				Available for Capital Projects <u>\$ 464,869</u>
				Total Fund Balance - Restricted for Capital Projects <u>\$ 464,869</u>

**NEW MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Revenues and Other Financing Sources**Revenues**

Interest on Investments	\$ 691
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Other Financing Sources

Lease Purchase Proceeds	359,483
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Transfer from General Fund - Capital Reserve	1,749,351
--	-----------

Total Revenues and Other Financing sources	2,109,525
--	-----------

Expenditures and Other Financing Uses**Expenditures**

Legal Services	99
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Purchased Professional Services	49,472
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Construction Services	1,921,590
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Non-Instructional Equipment	359,483
-----------------------------	---------

State Facilities Grant Cancelled	167,966
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Other Financial Uses

Transfers Out General Fund	691
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Total Expenditures and Other Financing Uses	2,499,301
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Excess (Deficiency) of Revenues and Other Financing Sources	
---	--

Over (Under) Expenditures and Other Financing Uses	(389,776)
--	-----------

Fund Balance, Beginning of Year	996,592
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Fund Balance, End of Year	\$ 606,816
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Reconciliation to GAAP Basis:

Fund Balance (Budgetary Basis)	606,816
--------------------------------	---------

Less:

Unrealized Revenue (SDA Grants)	(141,947)
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Fund Balance (GAAP Basis)	\$ 464,869
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**NEW MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BOILER REPLACEMENT AT BERKLEY STREET ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 447,484		\$ 447,484	\$ 447,484
Transfers from Capital Reserve	-	\$ 671,226	671,226	671,226
	<u>447,484</u>	<u>671,226</u>	<u>1,118,710</u>	<u>1,118,710</u>
Expenditures and Other Financing Uses				
Legal Services	1,821	99	1,920	1,920
Purchased Professional and Technical Services	62,750	24,344	87,094	87,094
Supplies and Materials			-	
Construction Services		674,510	674,510	1,029,377
Miscellaneous Purchased Services	319	-	319	319
	<u>64,890</u>	<u>698,953</u>	<u>763,843</u>	<u>1,118,710</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 382,594</u>	<u>\$ (27,727)</u>	<u>\$ 354,867</u>	<u>\$ -</u>

Additional Project Information:

DOE Project Number	3550-060-14-1001
SDA Project Number	3550-060-14-G1FD
SDA Grant Date	5/22/2014
SDA Grant #	G5-4887
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,118,710
Additional Authorized Cost	<u>-</u>
Revised Authorized Cost	\$ 1,118,710

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	68.28%
Original Target Completion Date	2014/15
Revised Target Completion Date	2014/15

NEW MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ROOF REPLACEMENT AT DAVID E. OWENS MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 718,750	\$ (167,966)	\$ 550,784	\$ 550,784
Transfers from Capital Reserve	-	1,078,125	1,078,125	1,078,125
	<u>718,750</u>	<u>910,159</u>	<u>1,628,909</u>	<u>1,628,909</u>
Expenditures and Other Financing Uses				
Legal Services	1,345		1,345	1,345
Purchased Professional and Technical Services	103,287	25,128	128,415	128,415
Construction Services		1,247,080	1,247,080	1,499,029
Miscellaneous Purchased Services	120	-	120	120
	<u>104,752</u>	<u>1,272,208</u>	<u>1,376,960</u>	<u>1,628,909</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 613,998</u>	<u>\$ (362,049)</u>	<u>\$ 251,949</u>	<u>-</u>
Additional Project Information:				
DOE Project Number	3550-085-14-1002			
SDA Project Number	3550-085-14-G2UX			
SDA Grant Date	5/22/2014			
SDA Grant #	G5-5965			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,796,875			
Adjustment to Authorized Cost	<u>(167,966)</u>			
Revised Authorized Cost	\$ 1,628,909			
Percentage Increase Over Original Authorized Cost	-9.35%			
Percentage Completion	84.53%			
Original Target Completion Date	2014/15			
Revised Target Completion Date	2014/15			

NEW MILFORD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
 PHONE LEASE PROJECT
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 359,483	\$ 359,483	\$ 359,483
Total Revenues and Other Financing Sources	-	359,483	359,483	359,483
Expenditures and Other Financing Uses				
Non-Instructional Equipment	-	359,483	359,483	359,483
Total Expenditures and Other Financing Uses	-	359,483	359,483	359,483
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -
Additional Project Information:				
DOE Project Number	N/A			
SDA Project Number	N/A			
SDA Grant Date	N/A			
SDA Grant #	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 359,483			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 359,483			
Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	2014/15			
Revised Target Completion Date	2014/15			

PROPRIETARY FUNDS

**NEW MILFORD BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Non-Major Enterprise Funds</u>		
	<u>Broadway Kids Summer Program</u>	<u>After School Enrichment Program</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,803	\$ 20,982	\$ 26,785
Total Assets	<u>5,803</u>	<u>20,982</u>	<u>26,785</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	-	359	359
Unearned Revenue	<u>5,431</u>	<u>-</u>	<u>5,431</u>
Total Current Liabilities	<u>5,431</u>	<u>359</u>	<u>5,790</u>
NET POSITION			
Unrestricted	<u>372</u>	<u>20,623</u>	<u>20,995</u>
Total Net Position	<u>\$ 372</u>	<u>\$ 20,623</u>	<u>\$ 20,995</u>

**NEW MILFORD BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Non-Major Enterprise Funds</u>		
	<u>Broadway Kids Summer Program</u>	<u>After School Enrichment Program</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services Program Fees	\$ 17,799	\$ 15,400	\$ 33,199
	<u>17,799</u>	<u>15,400</u>	<u>33,199</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Employee Benefits	15,130	7,490	22,620
Other Purchased Services	2,504	3,975	6,479
Supplies	<u>773</u>	<u>1,597</u>	<u>2,370</u>
Total Operating Expenses	<u>18,407</u>	<u>13,062</u>	<u>31,469</u>
Operating Income/(Loss)	<u>(608)</u>	<u>2,338</u>	<u>1,730</u>
Change in Net Position	(608)	2,338	1,730
Total Net Position, Beginning of Year	<u>980</u>	<u>18,285</u>	<u>19,265</u>
Total Net Position, End of Year	<u>\$ 372</u>	<u>\$ 20,623</u>	<u>\$ 20,995</u>

**NEW MILFORD BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Non-Major Enterprise Funds</u>		
	<u>Broadway Kids Summer Program</u>	<u>After School Enrichment Program</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 23,230	\$ 15,400	\$ 38,630
Cash Payments for Employees Salaries & Benefits	(15,130)	(7,615)	(22,745)
Cash Payments to Suppliers for Goods and Services	<u>(3,277)</u>	<u>(5,338)</u>	<u>(8,615)</u>
Net Cash Provided by Operating Activities	<u>4,823</u>	<u>2,447</u>	<u>7,270</u>
Net Increase in Cash and Cash Equivalents	4,823	2,447	7,270
Cash and Cash Equivalents, Beginning of Year	<u>980</u>	<u>18,535</u>	<u>19,515</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,803</u>	<u>\$ 20,982</u>	<u>\$ 26,785</u>
 Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities			
Operating Income/(Loss)	\$ (608)	\$ 2,338	\$ 1,730
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities			
Increase/(Decrease) in Accrued Salaries and Wages		(125)	(125)
Increase/(Decrease) in Accounts Payable		234	234
Increase/(Decrease) in Unearned Revenue	5,431	-	5,431
Total Adjustments	<u>5,431</u>	<u>109</u>	<u>5,540</u>
Net Cash Provided by Operating Activities	<u>\$ 4,823</u>	<u>\$ 2,447</u>	<u>\$ 7,270</u>

FIDUCIARY FUNDS

NEW MILFORD BOARD OF EDUCATION
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AS OF JUNE 30, 2015

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 156,231	\$ 353,873	\$ 510,104
Total Assets	<u>\$ 156,231</u>	<u>\$ 353,873</u>	<u>\$ 510,104</u>
LIABILITIES			
Employee Deposits Payable		\$ 353,567	\$ 353,567
Payroll Deductions and Withholdings		185	185
Due to Other Fund		121	121
Due to Student Groups	<u>\$ 156,231</u>	<u>-</u>	<u>156,231</u>
Total Liabilities	<u>\$ 156,231</u>	<u>\$ 353,873</u>	<u>\$ 510,104</u>

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015

	Balance, July 1, <u>2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, June 30, <u>2015</u>
ELEMENTARY SCHOOLS	\$ 14,945	\$ 2,583	\$ 78	\$ 17,450
BERKLEY SCHOOL	13,394	5,177	1,541	17,030
MIDDLE SCHOOL	24,682	48,146	47,328	25,500
HIGH SCHOOL				
Activity Account	77,481	293,568	284,506	86,543
Athletic Account	<u>22,450</u>	<u>40,723</u>	<u>53,465</u>	<u>9,708</u>
 Total All Schools	 <u>\$ 152,952</u>	 <u>\$ 390,197</u>	 <u>\$ 386,918</u>	 <u>\$ 156,231</u>

NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance, July 1, <u>2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, June 30, <u>2015</u>
ASSETS				
Cash	\$ 326,902	\$ 22,059,003	\$ 22,032,032	\$ 353,873
Total Assets	<u>\$ 326,902</u>	<u>\$ 22,059,003</u>	<u>\$ 22,032,032</u>	<u>\$ 353,873</u>
LIABILITIES				
Employee Deposits Payable	\$ 326,768	\$ 353,758	\$ 326,959	\$ 353,567
Accrued Salaries and Wages		12,445,989	12,445,989	
Payroll Deductions and Withholdings	-	9,258,763	9,258,578	185
Due to Other Funds	<u>134</u>	<u>493</u>	<u>506</u>	<u>121</u>
Total Liabilities	<u>\$ 326,902</u>	<u>\$ 22,059,003</u>	<u>\$ 22,032,032</u>	<u>\$ 353,873</u>

LONG-TERM DEBT

**NEW MILFORD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Capital Leases</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
2013 Model 31 Passenger School Bus	2.80%	99,795	\$ 40,446		\$ 19,944	\$ 20,502
2015 Phone Equipment Lease	2.58%	349,676		\$ 359,483	128,884	230,599
2015 54 Passenger School Bus	2.38%	97,365		97,635	14,000	83,635
Kubota Backhoe Loader		49,911		49,911	1,203	48,708
2016 31 Passenger School Bus	2.30%	50,487	-	50,487	10,000	40,487
Total Capital Leases			\$ 40,446	\$ 557,516	\$ 174,031	\$ 423,931
					\$ 164,224	
					9,807	
					\$ 174,031	
 <u>Lease Purchase Agreements</u>						
Purchase of Chromebook Laptops and Supplies		158,750	\$ -	\$ 158,750	\$ 55,833	\$ 102,917
Total Lease Purchase Agreements			\$ -	\$ 158,750	\$ 55,833	\$ 102,917
					\$ 55,833	

**NEW MILFORD BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 529,375	-	\$ 529,375	\$ 523,725	\$ 5,650
Total Revenues	<u>529,375</u>	<u>-</u>	<u>529,375</u>	<u>523,725</u>	<u>5,650</u>
EXPENDITURES					
Regular Debt Service					
Principal	415,000		415,000	415,000	
Interest on Bonds	114,375	-	114,375	114,375	-
Total Expenditures	<u>529,375</u>	<u>-</u>	<u>529,375</u>	<u>529,375</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,650)</u>	<u>(5,650)</u>
Fund Balance, Beginning of Year	<u>5,650</u>	<u>-</u>	<u>5,650</u>	<u>5,650</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,650</u>	<u>\$ -</u>	<u>\$ 5,650</u>	<u>\$ -</u>	<u>\$ (5,650)</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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011 (Restated)	2012 (Restated)	2013	2014 (Restated)	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 14,675,510	\$ 14,749,804	\$ 15,173,707	\$ 15,904,051	\$ 16,637,735	\$ 16,835,791	\$ 17,328,221	\$ 17,617,446	\$ 17,962,388	\$ 20,009,921
Restricted	533,065	755,976	776,832	676,420	1,003,566	1,612,894	1,591,439	1,807,108	2,070,989	852,217
Unrestricted	1,409,853	894,872	1,024,198	660,376	312,264	1,149,166	1,994,416	2,512,336	(6,600,279)	(7,113,835)
Total Governmental Activities Net Position	\$ 16,618,428	\$ 16,400,652	\$ 16,974,737	\$ 17,240,847	\$ 17,953,565	\$ 19,597,851	\$ 20,914,076	\$ 21,936,890	\$ 13,433,098	\$ 13,748,303
Business-Type Activities										
Net Investment in Capital Assets				\$ 100,010	\$ 98,757	\$ 91,207	\$ 83,657	\$ 89,469	\$ 86,190	\$ 87,431
Restricted										
Unrestricted	\$ 227,299	\$ 299,124	\$ 353,580	304,597	324,040	410,103	463,927	499,795	570,601	568,752
Total Business-Type Activities Net Position	\$ 227,299	\$ 299,124	\$ 353,580	\$ 404,607	\$ 422,797	\$ 501,310	\$ 547,584	\$ 589,264	\$ 656,791	\$ 656,183
District-Wide										
Net Investment in Capital Assets	\$ 14,675,510	\$ 14,749,804	\$ 15,173,707	\$ 16,004,061	\$ 16,736,492	\$ 16,926,998	\$ 17,411,878	\$ 17,706,915	\$ 18,048,578	\$ 20,097,352
Restricted	533,065	755,976	776,832	676,420	1,003,566	1,612,894	1,591,439	1,807,108	2,070,989	852,217
Unrestricted	1,637,152	1,193,996	1,377,778	964,973	636,304	1,559,269	2,458,343	3,012,131	(6,029,678)	(6,545,083)
Total District Net Position	\$ 16,845,727	\$ 16,699,776	\$ 17,328,317	\$ 17,645,454	\$ 18,376,362	\$ 20,099,161	\$ 21,461,660	\$ 22,526,154	\$ 14,089,889	\$ 14,404,486

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pension".

Source: District's financial statements

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 10,536,512	\$ 11,463,472	\$ 11,774,632	\$ 11,471,290	\$ 12,015,579	\$ 11,559,201	\$ 12,208,712	\$ 12,892,419	\$ 13,219,329	\$ 16,008,564
Special Education	3,754,479	4,578,259	4,789,501	4,938,486	5,695,645	5,497,116	5,238,766	5,662,426	5,377,054	6,070,665
Other Instruction	203,526	224,748	347,005	342,508	293,040	306,805	409,371	292,546	417,445	504,294
School Sponsored Activities and Athletics	686,965	667,662	745,705	770,039	804,498	778,712	865,317	1,024,342	991,372	1,090,855
Community Services	5,504									
Support Services:										
Student & Instruction Related Services	3,357,272	3,581,291	3,829,465	4,022,122	4,391,407	4,114,083	4,468,086	4,651,601	5,021,956	6,151,420
General Administration Services	744,045	933,430	908,734	892,531	703,105	824,124	853,216	881,409	871,600	1,240,434
School Administrative Services	1,769,500	1,690,128	1,863,044	1,743,640	1,864,842	1,850,285	2,007,054	2,111,934	2,285,356	2,637,528
Central and Other Support Services	683,325	831,459	885,760	857,042	776,411	840,299	927,914	1,065,034	1,122,455	1,142,404
Plant Operations and Maintenance	3,542,797	4,327,593	3,739,558	3,782,844	4,069,459	3,971,247	3,979,209	4,162,099	4,693,242	4,576,492
Pupil Transportation	825,499	803,672	893,246	866,951	844,057	865,280	907,675	977,399	1,001,579	1,028,715
Interest On Long-Term Debt	274,283	268,206	251,699	177,530	176,275	158,376	145,533	129,936	112,171	98,437
Total Governmental Activities Expenses	<u>26,383,707</u>	<u>29,369,920</u>	<u>30,028,349</u>	<u>29,864,983</u>	<u>31,634,318</u>	<u>30,765,528</u>	<u>32,010,853</u>	<u>33,851,145</u>	<u>35,113,563</u>	<u>40,549,808</u>
Business-Type Activities:										
Food Service	579,269	679,209	675,807	657,634	676,803	640,819	645,761	658,157	667,601	688,173
Latch Key Program	210,070	212,970	263,256	260,333	272,386	286,257	301,876	348,778	382,395	404,012
Broadway Kids Summer Enrichment Program						6,685	11,472	14,982	18,795	18,407
After School Enrichment Program						-	14,445	5,718	17,588	13,062
Total Business-Type Activities Expense	<u>789,339</u>	<u>892,179</u>	<u>939,063</u>	<u>917,967</u>	<u>949,189</u>	<u>933,761</u>	<u>973,554</u>	<u>1,027,635</u>	<u>1,086,379</u>	<u>1,123,654</u>
Total District Expenses	<u>\$ 27,173,046</u>	<u>\$ 30,262,099</u>	<u>\$ 30,967,412</u>	<u>\$ 30,782,950</u>	<u>\$ 32,583,507</u>	<u>\$ 31,699,289</u>	<u>\$ 32,984,407</u>	<u>\$ 34,878,780</u>	<u>\$ 36,199,942</u>	<u>\$ 41,673,462</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Special Education	\$ 27,601	\$ 7,549	\$ 4,056		\$ 67,608	\$ 1,400	\$ 95,327	\$ 96,987	\$ 175,006	\$ 348,161
Pupil Transportation	7,907	4,503	12,376	\$ 14,718	6,726	14,103	11,430	22,681	23,837	31,003
Operating Grants And Contributions	4,850,873	5,939,876	6,383,823	4,720,961	5,402,818	4,601,143	4,990,653	5,802,463	5,406,842	9,297,379
Capital Grants And Contributions	277,189	9,150	131,690	25,315	259,062	80,991		7,952	77,215	798,271
Total Governmental Activities Program Revenues	<u>5,163,570</u>	<u>5,961,078</u>	<u>6,531,945</u>	<u>4,760,994</u>	<u>5,736,214</u>	<u>4,697,637</u>	<u>5,097,410</u>	<u>5,930,083</u>	<u>5,682,900</u>	<u>10,474,814</u>
Business-Type Activities:										
Charges For Services										
Food Service	508,653	557,026	542,076	540,285	537,720	542,826	516,655	512,723	549,519	548,960
Latch Key Program	265,330	310,044	337,000	316,404	300,427	317,699	318,530	358,421	377,202	368,789
Broadway Kids Summer Enrichment							12,525	15,790	17,952	17,799
After School Enrichment						6,640	18,010	9,030	24,240	15,400
Operating Grants And Contributions	91,867	91,964	111,241	111,575	128,535	144,535	148,648	172,751	184,209	171,149
Capital Grants And Contributions							-			
Total Business Type Activities Program Revenues	<u>865,850</u>	<u>959,034</u>	<u>990,317</u>	<u>968,264</u>	<u>966,682</u>	<u>1,011,700</u>	<u>1,014,368</u>	<u>1,068,715</u>	<u>1,153,122</u>	<u>1,122,097</u>
Total District Program Revenues	<u>\$ 6,029,420</u>	<u>\$ 6,920,112</u>	<u>\$ 7,522,262</u>	<u>\$ 5,729,258</u>	<u>\$ 6,702,896</u>	<u>\$ 5,709,337</u>	<u>\$ 6,111,778</u>	<u>\$ 6,998,798</u>	<u>\$ 6,836,022</u>	<u>\$ 11,596,911</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (21,220,137)	\$ (23,408,842)	\$ (23,496,404)	\$ (25,103,989)	\$ (25,898,104)	\$ (26,067,891)	\$ (26,913,443)	\$ (27,921,062)	\$ (29,430,663)	\$ (30,074,994)
Business-Type Activities	76,511	66,855	51,254	50,297	17,493	77,939	40,814	41,080	66,743	(1,557)
Total District-Wide Net Expense	<u>\$ (21,143,626)</u>	<u>\$ (23,341,987)</u>	<u>\$ (23,445,150)</u>	<u>\$ (25,053,692)</u>	<u>\$ (25,880,611)</u>	<u>\$ (25,989,952)</u>	<u>\$ (26,872,629)</u>	<u>\$ (27,879,982)</u>	<u>\$ (29,363,920)</u>	<u>\$ (30,076,551)</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes	\$ 20,939,143	\$ 22,156,722	\$ 23,042,991	\$ 24,033,738	\$ 25,565,634	\$ 26,912,223	\$ 27,423,555	\$ 27,972,026	\$ 28,580,617	\$ 29,412,229
Property Taxes Levied For Debt Service	536,350	539,088	541,150	542,538	543,250	520,050	488,862	521,650	524,500	523,725
State Aid, Unrestricted	270,656	268,935	325,129	537,960	328,720	21,712	238,062	340,942	323,248	363,388
Investment Earnings	103,781	167,002	138,346	49,482	31,999	33,424	14,749	17,419	18,622	20,577
Miscellaneous Income	63,152	59,319	22,873	206,381	141,219	282,365	69,196	91,839	194,654	70,280
Donated Capital Assets										
Transfers							(4,756)			
Loss On Disposal Of Capital Assets	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	21,913,082	23,191,066	24,070,489	25,370,099	26,610,822	27,769,774	28,229,668	28,943,876	29,641,641	30,390,199
Business-Type Activities:										
Investment Earnings	\$ 2,100	\$ 4,970	\$ 3,202	\$ 730	\$ 697	\$ 574	\$ 704	\$ 600	\$ 784	\$ 949
Transfers	-	-	-	-	-	-	4,756	-	-	-
Total Business-Type Activities	2,100	4,970	3,202	730	697	574	5,460	600	784	949
Total District-Wide	\$ 21,915,182	\$ 23,196,036	\$ 24,073,691	\$ 25,370,829	\$ 26,611,519	\$ 27,770,348	\$ 28,235,128	\$ 28,944,476	\$ 29,642,425	\$ 30,391,148
Change In Net Position										
Governmental Activities	\$ 692,945	\$ (217,776)	\$ 574,085	\$ 266,110	\$ 712,718	\$ 1,701,883	\$ 1,316,225	\$ 1,022,814	\$ 210,978	\$ 315,205
Business-Type Activities	78,611	71,825	54,456	51,027	18,190	78,513	46,274	41,680	67,527	(608)
Total District	\$ 771,556	\$ (145,951)	\$ 628,541	\$ 317,137	\$ 730,908	\$ 1,780,396	\$ 1,362,499	\$ 1,064,494	\$ 278,505	\$ 314,597

Source: District's financial statements

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

	2006		2007		2008		2009		Fiscal Year Ending June 30, 2010		2011		2012		2013		2014		2015		
General Fund																					
Reserved	\$	2,150,386	\$	1,697,939	\$	1,209,350	\$	601,835	\$	1,488,108											
Unreserved		234,403		325,352		812,623		573,947		82,425											
Restricted											\$	2,184,708	\$	3,441,061	\$	4,246,461	\$	4,167,204	\$	2,405,943	
Committed												327,900						27,500			
Assigned												267,173		323,683		440,610		408,683		164,812	
Unassigned												203,491		104,153		73,923		69,119		112,083	
Total General Fund	\$	2,384,789	\$	2,023,291	\$	2,021,973	\$	1,175,782	\$	1,570,533	\$	2,983,272	\$	3,868,897	\$	4,760,994	\$	4,672,506	\$	2,682,838	
All Other Governmental Funds																					
Reserved	\$	79,159	\$	31,030	\$	5,565	\$	746,473	\$												
Unreserved		(5,666)		3,825		3,112		(262,205)		82,899											
Restricted											\$	85,122	\$	52,834	\$	5,650	\$	5,650	\$	464,869	
Unassigned																		(101,785)		-	
Total All Other Governmental Funds	\$	73,493	\$	34,855	\$	8,677	\$	484,268	\$	82,899	\$	85,122	\$	52,834	\$	5,650	\$	(96,135)	\$	464,869	

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.

Source: District's financial statements

**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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property Tax Levy	\$ 21,475,493	\$ 22,695,810	\$ 23,584,141	\$ 24,576,276	\$ 26,108,884	\$ 27,432,273	\$ 27,912,417	\$ 28,493,676	\$ 29,105,117	\$ 29,935,954
Tuition Charges	27,601	7,549	4,056		67,608	1,400	95,327	96,987	175,006	348,161
Transportation Fees	7,907	4,503	12,376	14,718	6,726	14,103	11,430	22,681	23,837	31,003
Interest Earnings	103,781	167,002	138,346	49,482	31,999	33,424	14,749	17,419	18,622	20,577
Miscellaneous	63,152	59,319	50,071	213,206	148,719	289,865	76,896	100,190	203,154	93,272
State Sources	4,760,585	5,321,320	5,472,445	4,400,708	4,824,655	3,665,601	4,448,026	5,369,250	5,013,002	6,191,925
Federal Sources	625,908	896,641	1,209,309	876,703	1,145,800	996,985	772,989	765,804	776,445	723,262
Total Revenue	27,064,427	29,152,144	30,470,744	30,131,093	32,334,391	32,433,651	33,331,834	34,866,007	35,315,183	37,344,154
Expenditures										
Instruction										
Regular Instruction	10,535,109	11,462,250	11,761,369	11,394,331	11,990,404	11,560,991	12,136,986	12,822,033	13,204,131	13,830,346
Special Education Instruction	3,755,013	4,579,301	4,789,960	4,922,427	5,683,701	5,504,110	5,228,562	5,659,737	5,375,800	5,608,445
Other Instruction	205,590	224,748	347,005	342,508	293,040	306,805	409,371	292,546	417,445	437,067
School Sponsored Activities And Athletics	685,460	666,075	743,463	767,565	801,972	776,169	862,816	1,021,726	988,729	1,072,133
Community Services	5,504									
Support Services:										
Student & Inst. Related Services	3,345,114	3,574,469	3,824,579	4,004,599	4,398,833	4,118,330	4,457,732	4,600,206	5,026,197	5,585,808
General Administration	743,804	933,712	908,307	862,727	728,804	815,071	832,704	881,326	885,530	1,153,479
School Administrative Services	1,774,891	1,687,636	1,826,994	1,754,541	1,840,202	1,843,779	2,014,296	2,090,071	2,277,216	2,309,082
Central and Other Support Services	678,972	828,882	883,689	816,963	724,482	803,498	885,538	1,007,401	1,092,851	1,052,279
Plant Operations And Maintenance	3,229,565	3,991,081	3,373,622	3,390,526	3,663,025	3,544,301	3,552,439	3,716,527	4,109,096	4,107,545
Pupil Transportation	790,711	766,947	854,025	838,796	815,313	809,375	883,696	947,630	971,494	968,408
Capital Outlay	1,080,534	344,041	695,888	723,958	757,372	346,411	732,731	404,726	611,389	2,613,175
Debt Service:										
Principal	402,858	381,327	390,970	441,856	488,564	404,707	408,033	422,044	409,400	635,057
Interest And Other Charges	277,452	274,811	258,369	240,896	155,297	185,142	168,632	155,121	136,178	116,260
Payment to Escrow Agent				108,614						
Cost of Issuance				89,348						
Total Expenditures	27,510,577	29,715,280	30,658,240	30,699,655	32,341,009	31,018,689	32,573,536	34,021,094	35,505,456	39,489,084
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(446,150)	(563,136)	(187,496)	(568,562)	(6,618)	1,414,962	758,298	844,913	(190,273)	(2,144,930)
Other Financing Sources (Uses)										
Capital Leases & Lease Purchase Agreements	272,527	163,000	160,000				99,795			716,266
Refunding Bond Proceeds				4,515,000						
Premium on Refunding Bonds				282,962						
Payments To Escrow Agent				(4,600,000)						
Transfers In	150,364	3,809	753	517,567	4,925	48	14	52,834	-	1,750,042
Transfers Out	(150,364)	(3,809)	(753)	(517,567)	(4,925)	(48)	(4,770)	(52,834)	-	(1,750,042)
Total Other Financing Sources (Uses)	272,527	163,000	160,000	197,962	-	-	95,039	-	-	716,266
Net Change In Fund Balances	\$ (173,623)	\$ (400,136)	\$ (27,496)	\$ (370,600)	\$ (6,618)	\$ 1,414,962	\$ 853,337	\$ 844,913	\$ (190,273)	\$ (1,428,664)
Debt Service As A Percentage Of Noncapital Expenditures	2.57%	2.23%	2.17%	2.28%	2.04%	1.92%	1.81%	1.72%	1.56%	2.04%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District's financial statements

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	E-Rate	Student Activity Fees	Cancellation of Prior Year Payables	Refund Prior Year Expenditures	Miscellaneous	Total
2006	\$ 27,601	\$ 88,417	\$ 558	\$ 2,487	\$ 7,907						\$ 29,108	\$ 30,999	\$ 187,077
2007	7,549	163,193	4,700		4,503							54,614	234,559
2008	4,056	137,832		4,564	12,376							14,832	173,660
2009		49,243		930	14,718		\$ 191,596				631	13,224	270,342
2010	67,608	27,074	6,300	2,256	6,726		87,394				7,773	37,496	242,627
2011	1,400	33,376	5,600		14,103	\$ 16,870			\$ 25,030		201,080	33,785	331,244
2012	95,327	14,735	5,600		11,430				31,050		10,745	21,801	190,688
2013	96,987	17,419		778	22,681			\$ 18,776	33,800		5,704	32,781	228,926
2014	175,006	18,622		8,328	18,141				35,945	\$ 131,100	-	24,977	412,119
2015	348,161	19,886	7,203		31,003				31,985		-	31,093	469,331

Source: District's financial statements

**NEW MILFORD BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (Unaudited)**

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^a
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
2013	2,875,800	1,348,339,000	-	-	81,837,300	3,292,300	135,238,800	1,571,583,200	1,370,800	1,572,954,000	1,689,511,073	1.831
2014	2,875,800	1,347,084,200	-	-	81,736,300	3,292,300	134,224,400	1,569,213,000	1,370,781	1,570,583,781	1,732,405,608	1.880
2015	2,768,800	1,349,847,400	-	-	79,723,400	3,293,300	134,224,400	1,569,857,300	1,169,367	1,571,026,667	1,777,868,086	1.944

Source: County Abstract of Ratables

^a Tax rates are per \$100

NEW MILFORD BOARD OF EDUCATION
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		
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
2013	1.831	1.008	0.247		3.086
2014	1.880	0.978	0.259		3.117
2015	1.944	0.996	0.269		3.209

Source: Tax Duplicate, Borough of New Milford

**NEW MILFORD BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bal Bay Realty, LTD	\$ 43,586,400	2.78%	\$ 42,157,500	2.18%
Individual Taxpayer	36,733,400	2.34%	33,940,700	1.75%
NM Village LLC% Affiliated Mgmt Inc	28,958,500	1.84%	27,395,000	1.42%
Dorchester Manor	13,500,000	0.86%	15,209,900	0.79%
New Meditrust Co LLC % Woodcrest Hcc	13,130,200	0.84%	15,160,000	0.78%
Milford Arms	8,366,400	0.53%	9,822,100	0.51%
Inserra Associates	5,262,600	0.34%	6,659,600	0.34%
Brookchester Shopping Center	5,624,800	0.36%	5,895,600	0.30%
Canterbury Village	3,773,800	0.24%		
730 River Rd Prop c/o Curtis Corp		0.00%	3,703,300	0.19%
Young & Bon Inc NJ Corp			4,287,600	0.22%
Hackensack Water Co	5,517,100	0.35%		
Total	\$ 164,453,200	10.47%	\$ 164,231,300	8.49%

Source: District CAFR & Municipal Tax Assessor

**NEW MILFORD BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2013	28,493,676	28,493,676	100.00%	-
2014	29,105,117	29,105,117	100.00%	-
2015	29,935,954	29,935,954	100.00%	-

Source: School District's Financial Statements

**NEW MILFORD BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Lease Purchase Agreements			
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	16,365	256
2012	3,775,000	111,890		3,886,890	16,470	236
2013	3,405,000	59,846		3,464,846	16,537	210
2014	3,015,000	40,446		3,055,446	16,602	184
2015	2,600,000	423,931	\$ 102,917	3,126,848	16,678	187

Source: District Records

**NEW MILFORD BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN 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 ^a of Property	Per Capita ^b
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
2013	3,405,000	-	3,405,000	0.22%	206
2014	3,015,000	-	3,015,000	0.19%	182
2015	2,600,000	-	2,600,000	0.17%	156

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

**NEW MILFORD BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(Unaudited)**

<u>Governmental Unit</u>	<u>Total Debt</u>
Municipal Debt: (1)	
New Milford Board of Education	\$ 2,600,000
Borough of New Milford	13,484,090
Overlapping Debt Apportioned to the Municipality	
Bergen County: (2) and (3)	
County of Bergen (A)	9,985,911
Bergen County Utilities Authority - Waste Water (B)	<u>4,056,578</u>
Total direct and overlapping debt	<u><u>\$ 30,126,579</u></u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2014 equalized value by the total 2014 equalized value for Bergen County

(B) Overlapping Debt was computed based upon municipal flow to the Authority

Sources:

- (1) Borough of New Milford 2014 Annual Debt Statement
- (2) BCUA 2014 Audit
- (3) Bergen County 2014 Annual Debt Statement

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

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis
	2012 1,811,878,285
	2013 1,735,022,301
	2014 1,776,333,484
	<u>\$ 5,323,234,070</u>
	<u>\$ 1,774,411,357</u>
Debt limit (4 % of average	\$ 70,976,454
Total Net Debt Applicable to Limit	<u>2,600,000</u>
Legal debt margin	<u>\$ 68,376,454</u>

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 64,631,689	\$72,648,170	\$ 79,683,263	\$ 83,970,797	\$ 84,022,475	\$ 82,116,793	\$ 79,377,779	\$76,314,895	\$ 73,109,948	\$ 70,976,454
Total net debt applicable to limit	<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>	<u>3,405,000</u>	<u>3,015,000</u>	<u>2,600,000</u>
Legal debt margin	<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>	<u>\$72,909,895</u>	<u>\$ 70,094,948</u>	<u>\$ 68,376,454</u>
Total net debt applicable to the limit as a percentage of debt limit	8.99%	7.61%	6.57%	5.76%	5.32%	5.03%	4.76%	4.46%	4.12%	3.66%

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

**NEW MILFORD BOARD OF EDUCATION
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>
2006	16,056	\$ 63,103	3.8%
2007	15,910	67,544	3.4%
2008	15,890	67,331	4.5%
2009	15,885	63,874	8.0%
2010	15,949	63,885	8.2%
2011	16,365	67,248	8.10%
2012	16,470	69,281	8.20%
2013	16,537	69,495	6.10%
2014	16,602	N/A	6.80%
2015	16,678	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	2015		2006	
	Employees	% of Total Municipal Employment	Employees	% of Total Municipal Employment

INFORMATION IS NOT AVAILABLE

NEW MILFORD BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction									
Regular	127	125	123	126	113	120	122	125	123.5
Special education	19	33	35	19	21	22	23	23	22.5
Other instruction	18	21	21	32	36	42	49	55	52.2
Support Services:									
Tuition									
Student & instruction related services	31	32	32	31	26	37	37	29	29.6
General administrative services	5	4	4	5	4	4	4	4	4.4
School administrative services	15	16	16	24	20	17	16	20	23.5
Business administrative services	6	6	6	7	6	8	9	9	9.0
Plant operations and maintenance	35	35	35	35	32	32	26	30	30.5
Pupil transportation	5	6	6	8	9	6	6	8	7.1
Child Care	14	19	19	22	23	21	24	32	33.0
Total	<u>275</u>	<u>297</u>	<u>297</u>	<u>309</u>	<u>290</u>	<u>309</u>	<u>316</u>	<u>335</u>	<u>335.3</u>

Source: District Records

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

**NEW MILFORD BOARD OF EDUCATION
OPERATING STATISTICS
LAST NINE FISCAL YEARS
(Unaudited)**

Fiscal Year	Enrollment a	Operating Expenditures b	Cost Per Pupil c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Senior High School				
2007	1,991	\$ 28,715,101	\$ 14,422	11.29%	187	23:01	19:01	2,013	1,918	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%	0.94%
2009	2,122	29,094,983	13,711	-5.28%	184	21:01	19:01	1,979	1,910	-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%	7.43%
2011	2,131	30,082,429	14,117	-4.14%	170	24:01	20:01	2,131	2,058	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%	-3.30%
2013	2,066	33,039,203	15,992	13.28%	194	21:01	20:01	2,066	2,000	-3.05%	-2.82%
2014	2,034	34,348,489	16,887	10.62%	148	19:01	17:01	2,014	1,954	-1.66%	-1.81%
2015	1,998	36,124,592	18,080	13.06%	146	18:01	17:01	1,979	1,919	-4.21%	-4.05%

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 nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present

**NEW MILFORD BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST NINE FISCAL YEARS
(Unaudited)**

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Elementary</u>									
Berkley Street School									
Square Feet	49,438	49,438	49,438	49,438	49,438	49,438	49,438	49,438	49,438
Capacity (students)	410	410	410	410	410	410	410	410	410
Enrollment	375	383	414	413	413	419	457	459	453
B.F. Gibbs School									
Square Feet	48,435	48,435	48,435	48,435	48,435	48,435	48,435	48,435	48,435
Capacity (students)	519	519	519	519	519	519	519	519	519
Enrollment	516	515	511	524	524	499	479	449	456
<u>Middle School</u>									
David E. Owens Middle School									
Square Feet	80,193	80,193	80,193	80,193	80,196	80,193	80,193	80,193	80,193
Capacity (students)	496	496	496	496	496	496	496	496	496
Enrollment	483	503	498	498	501	503	487	481	445
<u>High School</u>									
New Milford High School									
Square Feet	139,920	139,920	139,920	139,920	139,920	139,920	139,920	139,920	139,920
Capacity (students)	700	700	700	700	700	700	700	700	700
Enrollment	600	620	693	691	691	647	643	645	631

Number of Schools at June 30, 2015

- 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 nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present

NEW MILFORD BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN YEARS
 (Unaudited)

School Facilities	Project # (s)	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Berkley Street Elementary	N/A	\$ 82,783	\$ 74,747	\$ 69,652	\$ 83,116	\$ 73,614	\$ 92,398	\$ 108,437	\$ 95,915	\$ 133,231	\$ 100,020
B. F. Gibbs Elementary	N/A	86,039	79,258	62,489	78,244	63,672	62,814	77,706	57,800	98,284	87,155
David E. Owens Middle School	N/A	184,809	122,414	152,141	121,088	163,587	168,070	142,070	99,039	233,322	174,255
New Milford High School	N/A	<u>368,976</u>	<u>1,255,859</u>	<u>306,517</u>	<u>220,719</u>	<u>226,591</u>	<u>254,586</u>	<u>291,624</u>	<u>348,624</u>	<u>348,407</u>	<u>283,826</u>
Total School Facilities		<u>\$ 722,607</u>	<u>\$ 1,532,278</u>	<u>\$ 590,799</u>	<u>\$ 503,167</u>	<u>\$ 527,464</u>	<u>\$ 577,868</u>	<u>\$ 619,837</u>	<u>\$ 601,378</u>	<u>\$ 813,244</u>	<u>\$ 645,256</u>

**NEW MILFORD BOARD OF EDUCATION
INSURANCE SCHEDULE
AS OF JUNE 30, 2015
(Unaudited)**

	Coverage	Deductible
School Package Policy		
Spec. Multi Peril w/ Auto (1)	Refer to policy	Refer to policy
Pollution Liability (1a)	\$ 3,000,000	\$ 15,000
Crime (1b)	Refer to policy	Refer to policy
School Board E & O (1c)	1,000,000	
Excess Workers Compensation (1d)	Statutory	
Comm. Umbrella Excess (1)	9,000,000	
Comm. Umbrella Excess (1f)	50,000,000	
Student Accident Insurance (2)	5,000,000	
Surety Bonds (3)		
Treasurer	250,000	
Board Secretary/Business Administrator	100,000	

- (1) Selective Way Insurance Co
- (1c) Darwin
- (1d) Star Insurance Co
- (1e) American Alternatives Insurance Co
- (1f) Fireman's Fund Insurance Co

- (2) Monumental Life Insurance Co
- (3) Ohio Casualty

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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MARK SACO, CPA
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KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

**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**

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, in accordance with the 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, 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, 2015 and the related notes to the financial statements, which collectively comprise the New Milford Board of Education's basic financial statements and have issued our report thereon dated December 4, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

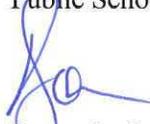
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the New Milford Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 4, 2015.

Purpose of this Report

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

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
December 4, 2015



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal and State Program

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 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the New Milford Board of Education’s major federal and state programs for the fiscal year ended June 30, 2015. The 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.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the New Milford Board of Education’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, 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 the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the New Milford Board of Education's compliance.

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal and state program is not modified with respect to this matter.

The New Milford Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The New Milford Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

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, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 4, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Donna L. Japhet

Public School Accountant

PSA Number CS002314

Fair Lawn, New Jersey
December 4, 2015

NEW MILFORD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Project Period	Award Amount	Balance, June 30, 2014	Unearned Revenue Carryover Amount	Account Receivable Carryover Amount	Cash Received	Budgetary Expenditures	13/14 Funds Released			Balance, June 30, 2015			Memo GAAP Receivable	
										Adjustment Accounts Receivable	Adjustment Unearned Revenue	Adjustment	(Accounts Receivable)	Unearned Revenue/	Due to Grantor		
U.S. Department of Agriculture																	
Passed-Through State Department of Education:																	
National School Lunch Program	10.555																
Non-Cash Assistance		N/A	7/1/14 - 6/30/15	\$ 26,728			\$ 26,728	\$ 26,728									
Cash Assistance		N/A	7/1/14 - 6/30/16	138,513			126,427	138,513					\$ (12,086)				\$ (12,086)
Cash Assistance		N/A	7/1/13 - 6/30/14	141,810	(9,860)		9,860										-
Cash Assistance		N/A	7/1/11-6/30/12	104,350	(7,342)		7,342										-
National School Breakfast Program	10.553	N/A	7/1/14-6/30/15	164			138	164					(26)				(26)
National School Breakfast Program	10.553	N/A	7/1/13-6/30/14	735	(43)		43										-
Total U.S. Department of Agriculture					(17,245)		170,538	165,405					(12,112)				(12,112)
U.S. Department of Education																	
Passed-Through State Department of Education:																	
General Fund																	
Medical Assistance Program	93.778	N/A	7/1/14-6/30/15	-	-	-	4,323	4,323									-
Total General Fund					-	-	4,323	4,323									-
Special Revenue Fund																	
Title I	84.010A	NCLB355015	7/1/14 - 6/30/15	116,825		\$ 3,075	\$ (3,075)	82,319	109,209				(37,581)	\$ 10,691			(26,890)
Title I	84.010A	NCLB355014	7/1/13 - 6/30/14	122,694	(45,381)	(3,075)	3,075	45,380									-
Title II - Part A	84.367A	NCLB355015	7/1/14 - 6/30/15	34,609		4,515	(4,515)	25,488	32,248	\$ 3,661	\$ (3,661)		(9,975)	3,215			(6,760)
Title II - Part A	84.367A	NCLB355014	7/1/13 - 6/30/14	35,355	(1,602)	(4,515)	4,515	1,602									-
Title II - Part A	84.367A	NCLB355013	9/1/12 - 8/31/13	33,313	336							(336)	(A)				-
Title III	84.365A	NCLB355015	7/1/14 - 6/30/15	27,375		6,930	(6,930)	17,389	23,884	5,772	(5,772)		(11,144)	4,649			(6,495)
Title III	84.365A	NCLB355014	7/1/13 - 6/30/14	22,919	(5,748)	(6,930)	6,930	5,749				(1)					-
Title III Immigrant	84.365A	NCLB355014	7/1/14 - 6/30/15	19,164		704	(704)	7,774	12,670	2	(2)		(12,092)	7,196			(4,896)
Title III Immigrant	84.365A	NCLB355014	7/1/13 - 6/30/14	13,814	(4,020)	(704)	704	4,020									-
Title V	84.298A	NCLB355009	9/1/08-8/31/09	260	260							(260)	(A)				-
I.D.E.A. Part B, Basic	84.027A	IDEA355015	7/1/14 - 6/30/15	539,580		35,384	(35,384)	93,005	506,802				(481,959)	68,162			(413,797)
I.D.E.A. Part B, Basic	84.027A	IDEA355014	7/1/13 - 6/30/14	530,641	(439,375)	(35,384)	35,384	439,375									-
I.D.E.A. Preschool	84.173A	IDEA355015	7/1/14 - 6/30/15	25,343		6,185	(6,185)	14,562	20,014				(16,966)	11,514			(5,452)
I.D.E.A. Preschool	84.173A	IDEA355014	7/1/13 - 6/30/14	25,544	(17,580)	(6,185)	6,185	17,580									-
Total Special Revenue Fund					(513,110)		754,243	704,827	9,435		(9,435)	(596)	(569,717)	105,427			(464,290)
Total U.S. Department of Education					(513,110)		758,566	709,150	9,435		(9,435)	(596)	(569,717)	105,427			(464,290)
Total					\$ (530,355)	\$ -	\$ -	\$ 929,104	\$ 874,555	\$ 9,435	\$ (9,435)	\$ (596)	\$ (581,829)	\$ 105,427	\$ -		\$ (476,402)

(A) Prior year balances cancelled

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, 2015**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2014			Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2015		MEMO		
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Cash Received			(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education													
Equalization Aid	15-495-034-5120-078	7/1/14 - 6/30/15	\$ 323,334			\$ 299,122	\$ 323,334		\$ (24,212)			\$ 323,334	
Equalization Aid	14-495-034-5120-078	7/1/13 - 6/30/14	323,334	(22,622)		22,622			-			-	
Transportation Aid	15-495-034-5120-014	7/1/14 - 6/30/15	71,767			66,393	71,767		(5,374)			71,767	
Transportation Aid	14-495-034-5120-014	7/1/13 - 6/30/14	71,767	(5,022)		5,022			-			-	
Special Education Aid	15-495-034-5120-089	7/1/14 - 6/30/15	1,292,035			1,195,287	1,292,035		(96,748)			1,292,035	
Special Education Aid	14-495-034-5120-089	7/1/13 - 6/30/14	1,292,035	(90,399)		90,399			-			-	
Security Aid	15-495-034-5120-084	7/1/14 - 6/30/15	41,569			38,456	41,569		(3,113)			41,569	
Security Aid	14-495-034-5120-084	7/1/13 - 6/30/14	41,569	(2,908)		2,908			-			-	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14 - 6/30/15	20,170			18,660	20,170		(1,510)			20,170	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14 - 6/30/15	20,170			18,660	20,170		(1,510)			20,170	
Extraordinary Aid	15-100-034-5120-473	7/1/14 - 6/30/15	479,128			479,128	479,128		(479,128)			479,128	
Extraordinary Aid	14-100-034-5120-473	7/1/13 - 6/30/14	494,275	(494,275)		499,436	5,161		-			5,161	
Non-Public Transportation	15-495-034-5120-014	7/1/14 - 6/30/15	40,210				40,210		(40,210)		\$ (40,210)	40,210	
Non-Public Transportation	14-495-034-5120-014	7/1/13 - 6/30/14	39,380	(39,380)		39,380			-			-	
On-Behalf TPAF Social Security Contribution	15-495-034-5094-003	7/1/14 - 6/30/15	948,182			900,078	948,182		(48,104)		(48,104)	948,182	
On-Behalf TPAF Pension Contribution	15-495-034-5094-006	7/1/14 - 6/30/15	643,390			643,390	643,390		-			643,390	
On-Behalf TPAF Pension - NCGI Premium	15-495-034-5094-007	7/1/14 - 6/30/15	46,289			46,289	46,289		-			46,289	
On-Behalf TPAF Post Retirement Medical Contribution	15-495-034-5094-001	7/1/14 - 6/30/15	1,094,866	-	-	1,094,866	1,094,866		-	-	-	1,094,866	
Total General Fund				(654,606)	-	4,980,968	5,026,271	-	(699,909)	-	-	(88,314)	5,026,271
New Jersey Nonpublic Aid:													
Nursing Services	15-100-034-5120-070	7/1/14 - 6/30/15	\$ 64,308			\$ 64,308	\$ 64,308					64,308	
Textbook Aid	15-100-034-5120-064	7/1/14 - 6/30/15	38,310			38,310	37,317			\$ 993		37,317	
Textbook Aid	14-100-034-5120-064	7/1/13 - 6/30/14	35,926		\$ 4,308			\$ 4,308		-		-	
Technology	15-100-034-5120-373	7/1/14 - 6/30/15	20,576			20,576	19,956			620		19,956	
Technology	14-100-034-5120-373	7/1/13 - 6/30/14	13,100		1,741			1,741		-		-	
Auxiliary Services (Chapter 192):													
Compensatory Education	15-100-034-5120-067	7/1/14 - 6/30/15	126,308			126,308	104,809			21,499		104,809	
Compensatory Education	14-100-034-5120-067	7/1/13 - 6/30/14	144,661		23,882			23,882		-		-	
English as a Second Language	15-100-034-5120-067	7/1/14 - 6/30/15	31,973			31,973	18,165			13,808		18,165	
English as a Second Language	14-100-034-5120-067	7/1/13 - 6/30/14	37,185		785			785		-		-	
Transportation	15-100-034-5120-068	7/1/14 - 6/30/15	37,800			37,800	37,800					37,800	
Home Instruction	15-100-034-5120-067	7/1/14 - 6/30/15					4,078		(4,078)		(4,078)	4,078	
Home Instruction	14-100-034-5120-067	7/1/13 - 6/30/14	838	(838)		838			-			-	
Handicapped Services (Chapter 193):													
Examination and Classification	15-100-034-5120-066	7/1/14 - 6/30/15	55,478			55,478	3,528			51,950		3,528	
Examination and Classification	14-100-034-5120-066	7/1/13 - 6/30/14	62,102		3,661			3,661		-		-	
Corrective Speech	15-100-034-5120-066	7/1/14 - 6/30/15	51,420			51,420	46,560			4,860		46,560	
Corrective Speech	14-100-034-5120-066	7/1/13 - 6/30/14	43,122		703			703		-		-	
Supplemental Instruction	15-100-034-5120-066	7/1/14 - 6/30/15	42,374			42,374	37,038			5,336		37,038	
Supplemental Instruction	14-100-034-5120-066	7/1/13 - 6/30/14	46,487		8,881			8,881		-		-	
Total Special Revenue Fund				(838)	43,961	469,385	373,559	43,961	(4,078)	-	99,066	(4,078)	373,559
Total State Department of Education				(655,444)	43,961	5,450,353	5,399,830	43,961	(703,987)	-	99,066	(92,392)	5,399,830

NEW MILFORD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2014		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2015			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures
Department of Agriculture													
National School Lunch Program (State Share)	13-100-010-3350-023	7/1/14 - 6/30/15	\$ 5,744			\$ 5,263	\$ 5,744		\$ (481)			\$ (481)	\$ 5,744
National School Lunch Program (State Share)	14-100-010-3350-023	7/1/13 - 6/30/14	6,271	(761)	-	761	-	-	-	-	-	-	-
Total Department of Agriculture (Food Service Fund)				(761)	-	6,024	5,744	-	(481)	-	-	(481)	5,744
Schools Development Authority													
Schools Facilities Grants													
DEO Middle School Roof Replacement Project	3550-085-14-1002	N/A	718,750	(41,901)			508,883		(550,784)	-		(550,784)	550,784
Berkley Elementary Boiler Replacement Project	3550-060-14-1001	N/A	447,484	(25,956)	-	-	279,581	-	(447,484)	141,947	-	(447,484)	305,537
Total Schools Development Authority				(67,857)	-	-	788,464	-	(998,268)	141,947	-	(998,268)	856,321
Total State Financial Assistance				(724,062)	\$ 43,961	\$ 5,456,377	\$ 6,194,038	\$ 43,961	(1,702,736)	141,947	\$ 99,066	(1,091,141)	6,261,895
State Financial Assistance													
Not Subject to Single Audit Determination													
General Fund													
On-Behalf TPAF Pension Benefit Contributi	15-495-034-5095-006	7/1/14 - 6/30/15	64,390			(643,390)	(643,390)						(643,390)
On-Behalf TPAF Pension -NCGI Premium	15-495-034-5095-007	7/1/14 - 6/30/15	46,289			(46,289)	(46,289)						(46,289)
On-Behalf TPAF Post-Retirement Medical	15-495-034-5095-001	7/1/14 - 6/30/15	1,094,866			(1,094,866)	(1,094,866)						(1,094,866)
Total State Financial Assistance Subject to Single Audit				(724,062)	\$ 43,961	\$ 3,671,832	\$ 4,409,493	\$ 43,961	(1,702,736)	\$ 141,947	\$ 99,066	(1,091,141)	4,477,350

N/A - Not Applicable

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, 2015**

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 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 prepared and 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 basis of accounting are described in Notes 1(C) to the Board's 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 15-08, "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 financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$3,631 for the general fund and an increase of \$22,112 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 4,323	\$ 5,029,902	\$ 5,034,225
Special Revenue Fund	718,939	373,559	1,092,498
Capital Projects Fund		788,464	788,464
Food Service Fund	<u>165,405</u>	<u>5,744</u>	<u>171,149</u>
 Total Financial Assistance	 <u>\$ 888,667</u>	 <u>\$ 6,197,669</u>	 <u>\$ 7,086,336</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, 2015**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$948,182 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$689,679 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,094,866 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's 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, 2015**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

There are none.

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2015-001:

The District transferred budget appropriations to the Capital Outlay- Facilities Acquisition and Construction line item. The transfers noted were not submitted to nor approved by the Executive County Superintendent.

State Program Information:

Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

Criteria or Specific Requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

Condition:

Transfers to capital outlay, not equipment were not submitted to the County for approval.

Questioned Costs:

Unknown.

Context:

Transfers were made into Capital Outlay-Facilities Acquisition and Construction which require approval of the Executive County Superintendent.

Effect:

The District is not in compliance with State Aid Grant program requirements.

Cause:

Unknown.

Recommendation:

Executive County Superintendent's approval should be requested for any transfer to capital outlay excluding equipment in accordance with N.J.A.C. 6A:23A-13.3(h).

View of Responsible Officials and Planned Corrective Action:

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

**NEW MILFORD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2013-1

Condition

Post travel reports were not available for audit.

Current Status

Corrective action has been taken.