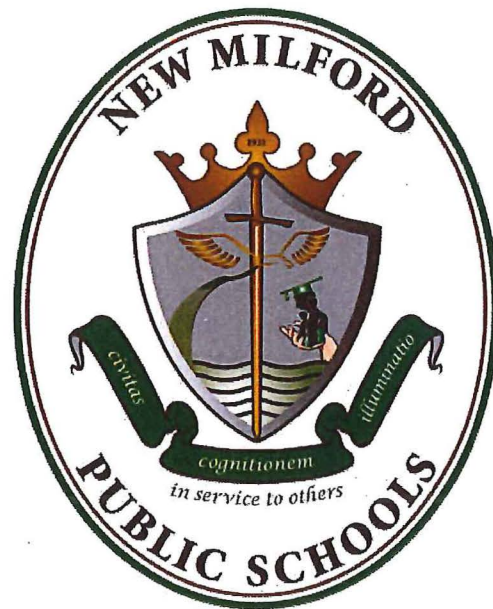


SCHOOL DISTRICT
OF
NEW MILFORD



NEW MILFORD BOARD OF EDUCATION
NEW MILFORD, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

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

For the Fiscal Year Ended June 30, 2019

Prepared by

**NEW MILFORD Board of Education
Business Office**

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

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-iii
Organizational Chart	iv
Roster of Officials	v
Consultants and Advisors	vi
FINANCIAL SECTION	
Independent Auditor's Report	1-3
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	4-17
Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	18-19
A-2 Statement of Activities	20-21
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	22-23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	24
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	25
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	26
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	27
B-6 Statement of Cash Flows	28
<i>Fiduciary Funds</i>	
B-7 Statement of Fiduciary Net Position	29
B-8 Statement of Changes in Fiduciary Net Position	30
Notes to the Financial Statements	31-73
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	74-81
C-2 Budgetary Comparison Schedule – Special Revenue Fund	82
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C-3 Budgetary Comparison Schedule – Notes to the Required Supplementary Information	83

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

		<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION - PART III		
L.	Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)	
L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	84
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	85
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	86
L-4	Notes to Required Supplementary Information – Net Pension Liability	87
L-5	Required Supplementary Information – Schedule of the District’s Proportionate Share of OPEB Liability	88
L-6	Notes to Required Supplementary Information – OPEB Liability	89
 OTHER SUPPLEMENTARY INFORMATION		
D.	School Level Schedules – Not Applicable	
E.	Special Revenue Fund	
E-1	Combining Schedule of Program Revenues and Expenditures - Special Revenue Fund – Budgetary Basis	90-91
E-2	Preschool Education Aid – Budgetary Basis – Not Applicable	92
F.	Capital Projects Fund	
F-1	Summary Schedule of Project Expenditures – Not Applicable	93
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Not Applicable	94
F-2a	Schedule of Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis -	95
G.	Proprietary Funds	
	<i>Enterprise Fund</i>	
G-1	Statement of Net Position	96
G-2	Statement of Revenues, Expenses and Changes in Net Position	97
G-3	Statement of Cash Flows	98
H.	Fiduciary Funds	
H-1	Combining Statement of Agency Assets and Liabilities	99
H-2	Combining Statement of Changes in Fiduciary Net Position – Not Applicable	100
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	101
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	102

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

		<u>Page</u>
I.	Long-Term Debt	
I-1	Schedule of Bonds Payable	103
I-2	Schedule of Obligations under Capital Leases and Lease Purchase Agreements	104
I-3	Debt Service Fund Budgetary Comparison Schedule	105
J.	STATISTICAL SECTION (Unaudited)	
J-1	Net Position by Component	106
J-2	Changes in Net Position	107-108
J-3	Fund Balances – Governmental Funds	109
J-4	Changes in Fund Balances - Governmental Funds	110
J-5	General Fund Other Local Revenue by Source	111
J-6	Assessed Value and Actual Value of Taxable Property	112
J-7	Direct and Overlapping Property Tax Rates	113
J-8	Principal Property Taxpayers	114
J-9	Property Tax Levies and Collections	115
J-10	Ratios of Outstanding Debt by Type	116
J-11	Ratios of Net General Bonded Debt Outstanding	117
J-12	Direct and Overlapping Governmental Activities Debt	118
J-13	Legal Debt Margin Information	119
J-14	Demographic and Economic Statistics	120
J-15	Principal Employers	121
J-16	Full-Time Equivalent District Employees by Function/Program	122
J-17	Operating Statistics	123
J-18	School Building Information	124
J-19	Schedule of Required Maintenance for School Facilities	125
J-20	Insurance Schedule	126
K.	SINGLE AUDIT SECTION	
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	127-128
K-2	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. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 Independent Auditor’s Report	129-131
K-3	Schedule of Expenditures of Federal Awards	132
K-4	Schedule of Expenditures of State Financial Assistance	133-134
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	135-136
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	137-138
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	139-141
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	142-144
K-8	Summary Schedule of Prior Year Findings	145

Introductory Section

NEW MILFORD BOARD OF EDUCATION
145 Madison Avenue
New Milford, NJ 07646

November 26, 2019

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 Board of Education (District) for the fiscal year ended June 30, 2019 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 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 basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Uniform Guidance, 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 2018-2019 fiscal year with an enrollment of 2,012 students, which is 22 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Fiscal Year	Student Enrollment	Percent Change
2018-19	2,012	1.11%
2017-18	1,990	1.43%
2016-17	1,962	-1.75%
2015-16	1,997	0.91%
2014-15	1,979	-1.74%
2013-14	2,014	-2.52%
2012-13	2,066	0.88%
2011-12	2,048	-3.89%
2010-11	2,131	0.09%
2009-10	2,129	7.58%

2) ECONOMIC CONDITION AND OUTLOOK: With the election of a new governor has come a redistribution of state aid to better reflect the state fair funding formula. As a designated underfunded district, additional state aid was awarded to the district last year and should continue for the foreseeable future. However, these monies will be needed to offset significant rising health care costs. The current state pension crisis also looms as an unknown in the long term. The district will need to continue to operate with a 2% cap on the tax levy with some legislative relief hopefully forthcoming from a cap on out-of-district special education tuition costs. Critical facility replacements and upgrades in addition to academic programs growth, technology advances, security enhancements and increased student support services has focused attention to the need for a referendum in the coming years. The size of the financial investment and number of projects and programs that are needed cannot be addressed in the normal operating budget.

3) MAJOR INITIATIVES: Class of 2019 91% of the graduates plan to receive some form of formal post-secondary education or training. 52% will be attending four year colleges in the fall. 39% will be participating in two year community college or career training programs. 3% will enter the military. 3% will be taking a GAP year. 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. 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 assignments/commitments of fund balance at June 30, 2019.

6) DEBT ADMINISTRATION: At June 30, 2019 the District's outstanding debt issue was \$855,000 of general obligation bonds to fund the referendum projects approved by the voters.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 3. The district has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP, 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, the related U.S. Uniform Guidance 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.

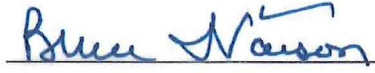
10) ACKNOWLEDGMENTS:

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,



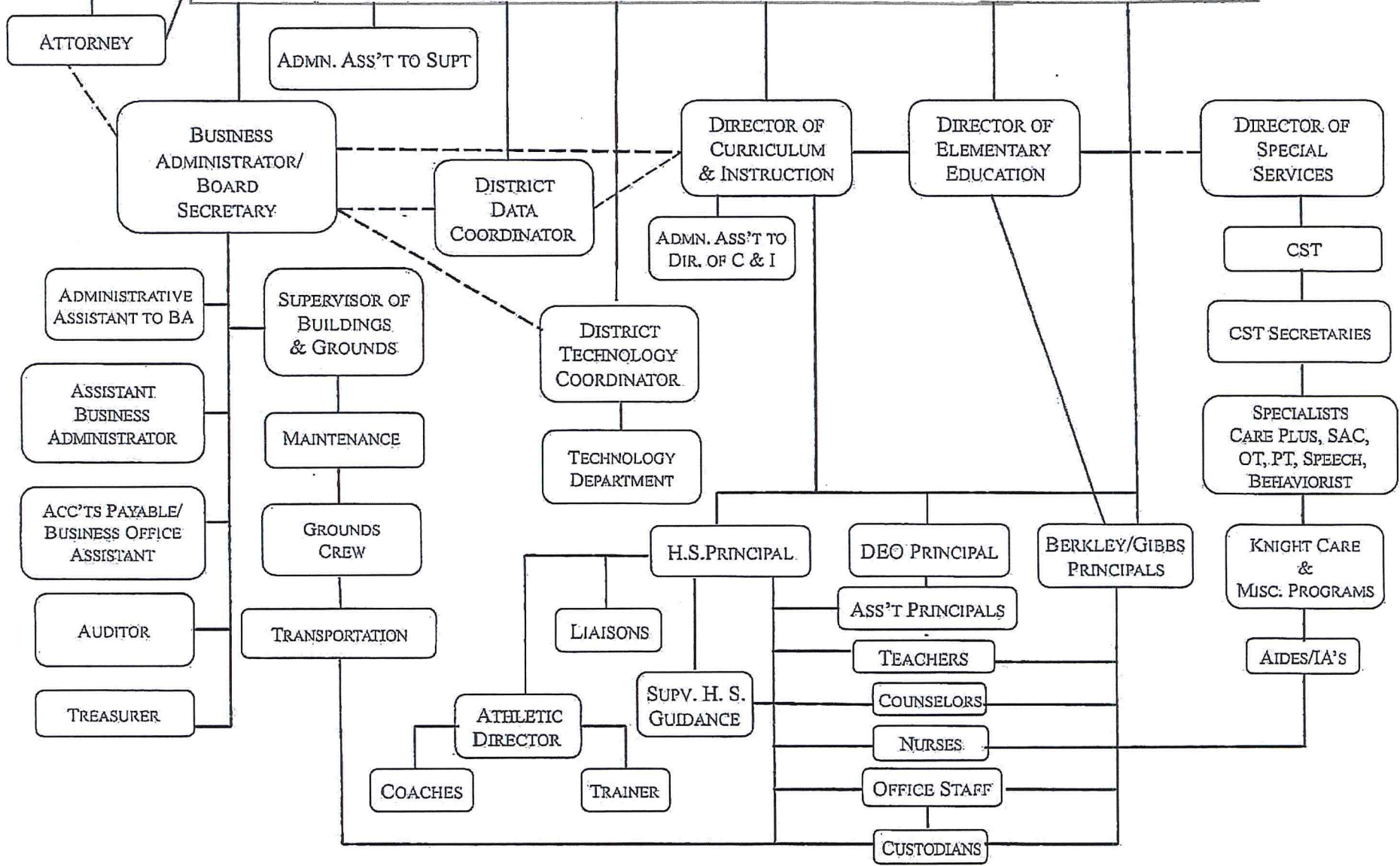
Michael Polizzi
Superintendent



Bruce Watson
Interim 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, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Paige Ryan, President	12/2020
Judith Rabinowitz McSweeney, Vice-President	12/2019
Ashley Adams (1 year unexpired term to 12/2020)	12/2020
Anthony Albro (1 year unexpired term to 12/2020)	12/2020
Tonia Andrews	12/2019
Heather Gomez	12/2019
Jason Levine (2 year unexpired term to 12/2021)	12/2021
Laura O'Grady	12/2021
Joseph Steele	12/2021

Other Officials

Michael Polizzi, Superintendent of Schools

Michael Sawicz, School Business Administrator/Board Secretary

Lauren Odoksta, Director of Curriculum and Instruction

Denise Amoroso, Treasurer of School Monies

Steven Fogarty, Esq., Solicitor

NEW MILFORD BOARD OF EDUCATION

Consultants and Advisors

Architect

Solutions Architecture
96 Pompton Avenue
2nd Floor, Suite 200
Verona, NJ 07044

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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
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, 2019 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 from material misstatement.

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

We believe 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, 2019, 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.

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, pension information and other postemployment benefits 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 November 26, 2019 on our consideration of the New Milford Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the New Milford Board of Education's 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

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 26, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2019

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, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements and notes to the financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 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 \$12,289,230 (net position).
- Overall District revenues were \$49,929,280 which were \$733,988 more than overall District expenses of \$49,195,292. General revenues accounted for \$34,499,414 or 69% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$15,429,866 or 31% of total revenues.
- The School District had \$47,995,878 in expenses for governmental activities; only \$14,182,075 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) and transfer of \$34,497,284 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 \$6,453,960. Of that amount, \$129,221 (2%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned fund balance was \$129,221 at June 30, 2019, a decrease of \$26,111 when compared with the beginning balance at July 1, 2018 of \$155,332.
- The General Fund unassigned budgetary basis fund balance at June 30, 2019 was \$1,295,284 which represents an increase of \$158,840 compared to the ending budgetary basis fund balance at June 30, 2018 of \$1,136,444.
- The District's total outstanding long-term liabilities increased by \$1,298,600 during the current fiscal year.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

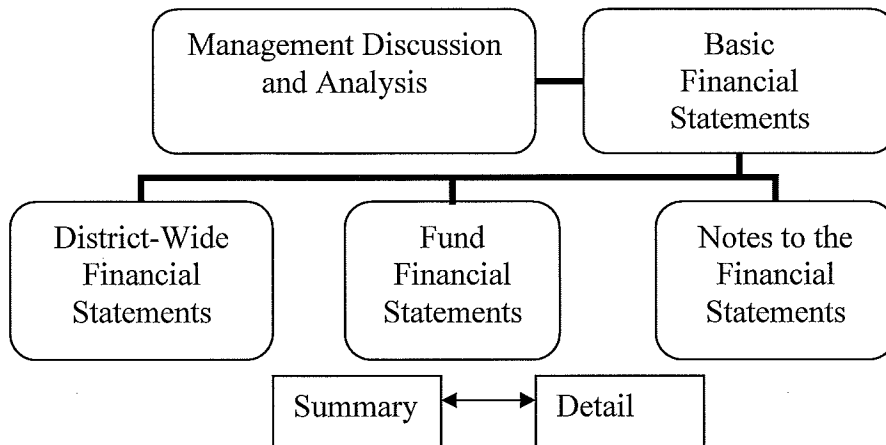
Fiscal Year Ended June 30, 2019

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, 2019

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, lunch key and summer/enrichment programs.	Instances in which the district administers resources on behalf of someone else, such as scholarships, 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, liabilities, and deferred inflows of resources, 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 deductions 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, 2019

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 District's *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 statements, 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 programs 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, 2019

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 five enterprise funds for its food service operations, latchkey, summer (“Broadway Kids” and “Summer Music”) programs and after school enrichment programs.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others such as unemployment compensation fund, 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 and the accounting and reporting for other post-employment benefits as required under GASB Statement No.75. 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, 2019

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 2019 and 2018.

Net Position. The District's *combined* net position were \$12,289,230 on June 30, 2019 and \$11,555,242 on June 30, 2018, respectively.

Statement of Net Position As of June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 7,730,371	\$ 4,539,964	\$ 520,948	\$ 500,169	\$ 8,251,319	\$ 5,040,133
Capital Assets	20,403,194	20,429,929	98,325	114,669	20,501,519	20,544,598
Total Assets	<u>28,133,565</u>	<u>24,969,893</u>	<u>619,273</u>	<u>614,838</u>	<u>28,752,838</u>	<u>25,584,731</u>
Deferred Amounts on Refunding of Debt	7,626	13,385			7,626	13,385
Deferred Amounts on Net Pension Liability	3,654,909	3,278,362	-	-	3,654,909	3,278,362
Total Deferred Outflows of Resources	<u>3,662,535</u>	<u>3,291,747</u>	<u>-</u>	<u>-</u>	<u>3,662,535</u>	<u>3,291,747</u>
Total Assets and Deferred Outflows of Resources	<u>31,796,100</u>	<u>28,261,640</u>	<u>619,273</u>	<u>614,838</u>	<u>32,415,373</u>	<u>28,876,478</u>
Long-Term Liabilities	14,799,037	13,500,437			14,799,037	13,500,437
Other Liabilities	1,297,654	1,043,958	43,575	91,880	1,341,229	1,135,838
Total Liabilities	<u>16,096,691</u>	<u>14,544,395</u>	<u>43,575</u>	<u>91,880</u>	<u>16,140,266</u>	<u>14,636,275</u>
Deferred Amounts on Net Pension Liability	3,983,644	2,684,961	-	-	3,983,644	2,684,961
Deferred Commodities Revenue	-	-	2,233	-	2,233	-
Total Deferred Inflows of Resources	<u>3,983,644</u>	<u>2,684,961</u>	<u>2,233</u>	<u>-</u>	<u>3,985,877</u>	<u>2,684,961</u>
Total Liabilities and Deferred Inflows of Resources	<u>20,080,335</u>	<u>17,229,356</u>	<u>45,808</u>	<u>91,880</u>	<u>20,126,143</u>	<u>17,321,236</u>
Net Investment in Capital Assets	19,374,289	18,933,504	98,325	114,669	19,472,614	19,048,173
Restricted	1,318,968	930,816			1,318,968	930,816
Unrestricted	(8,977,492)	(8,832,036)	475,140	408,289	(8,502,352)	(8,423,747)
Total Net Position	<u>\$ 11,715,765</u>	<u>\$ 11,032,284</u>	<u>\$ 573,465</u>	<u>\$ 522,958</u>	<u>\$ 12,289,230</u>	<u>\$ 11,555,242</u>

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2019

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 2019 and 2018.

Change in Net Position For the Fiscal Years Ended June 30, 2019 and 2018

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues						
Charges for Services	\$ 1,056,415	\$ 757,574	\$ 1,052,000	\$ 1,051,598	\$ 2,108,415	\$ 1,809,172
Operating Grants and Contributions	12,883,561	14,947,976	195,791	195,703	13,079,352	15,143,679
Capital Grants and Contributions	242,099	13,145			242,099	13,145
General Revenues						
Property Taxes	33,970,315	32,864,291			33,970,315	32,864,291
State Aid - Unrestricted	389,442	440,266			389,442	440,266
Other	132,703	105,062	6,954	2,807	139,657	107,869
Total Revenues	<u>48,674,535</u>	<u>49,128,314</u>	<u>1,254,745</u>	<u>1,250,108</u>	<u>49,929,280</u>	<u>50,378,422</u>
Expenses						
Instruction						
Regular	18,874,564	18,898,048			18,874,564	18,898,048
Special Education	7,300,624	7,864,426			7,300,624	7,864,426
Other Instruction	706,321	756,966			706,321	756,966
School Sponsored Activities and Athletics	1,469,545	1,478,110			1,469,545	1,478,110
Support Services						
Student and Instruction Related Services	7,097,604	7,020,879			7,097,604	7,020,879
General Administrative Services	1,030,992	1,123,555			1,030,992	1,123,555
School Administrative Services	3,468,940	3,789,228			3,468,940	3,789,228
Central and Other Support Services	1,452,418	1,553,406			1,452,418	1,553,406
Plant Operation and Maintenance	5,326,676	5,443,789			5,326,676	5,443,789
Pupil Transportation	1,232,239	1,183,655			1,232,239	1,183,655
Interest on Debt	35,955	46,488			35,955	46,488
Food Service			764,959	888,859	764,959	888,859
Knight Care Latchkey Program			387,794	365,999	387,794	365,999
Broadway Kids Summer Program			21,459	24,458	21,459	24,458
After School Enrichment Program			12,652	11,107	12,652	11,107
Summer Music Program	-	-	12,550	13,680	12,550	13,680
Total Expenses	<u>47,995,878</u>	<u>49,158,550</u>	<u>1,199,414</u>	<u>1,304,103</u>	<u>49,195,292</u>	<u>50,462,653</u>
Increase (Decrease) in Net Position Before Transfers	678,657	(30,236)	55,331	(53,995)	733,988	(84,231)
Transfers	4,824	1,588	(4,824)	(1,588)	-	-
Change in Net Position	683,481	(28,648)	50,507	(55,583)	733,988	(84,231)
Beginning of Year, Net Position	<u>11,032,284</u>	<u>11,060,932</u>	<u>522,958</u>	<u>578,541</u>	<u>11,555,242</u>	<u>11,639,473</u>
End of Year, Net Position	<u>\$ 11,715,765</u>	<u>\$ 11,032,284</u>	<u>\$ 573,465</u>	<u>\$ 522,958</u>	<u>\$ 12,289,230</u>	<u>\$ 11,555,242</u>

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

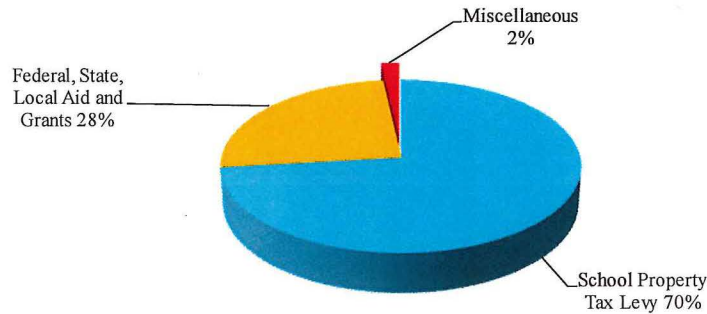
Fiscal Year Ended June 30, 2019

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$48,674,535 for the fiscal year ended June 30, 2019, property taxes of \$33,970,315 represented 70% of revenues. Another significant portion of revenues came from grants and contributions; total State, Federal and Local Aid and Grants were \$13,515,102 and represented 28% 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.

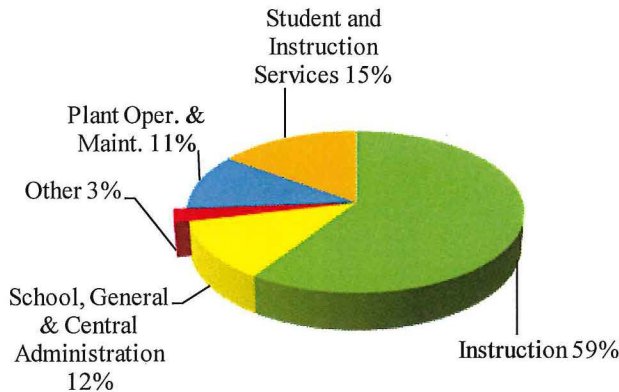
The total cost of all governmental activities programs and services was \$47,995,878. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$28,351,054 (59%) of total expenses. Support services, total \$19,608,869 (41%) of total expenses. Interest on debt totals \$35,955, less than 1% of total expenses.

Total governmental activities revenues and transfers exceeded expenses, increasing net position by \$683,481 from the previous year.

Revenues by Type – Governmental Activities
For Fiscal Year 2019



Expenses by Type – Governmental Activities For Fiscal Year 2019



NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2019

Total and Net Cost of Governmental Activities. The District's total cost of services was \$47,995,878. After applying program revenues, derived from operating and capital grants and contributions of \$13,125,660, and charges for services of \$1,056,415, the net cost of services of the District is \$33,813,803.

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2019 and 2018

Governmental Activities	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction				
Regular	\$ 18,874,564	\$ 18,898,048	\$ 13,435,076	\$ 12,412,201
Special Education	7,300,624	7,864,426	2,825,499	3,190,066
Other Instruction	706,321	756,966	497,108	479,509
School Sponsored Activities and Athletics	1,469,545	1,478,110	882,086	1,056,102
Support Services				
Student and Instruction Related Services	7,097,604	7,020,879	5,474,345	5,195,864
General Administration	1,030,992	1,123,555	916,399	963,416
School Administration Services	3,468,940	3,789,228	2,655,292	2,678,405
Central and Other Support Services	1,452,418	1,553,406	1,263,609	1,303,470
Plant Operation and Maintenance	5,326,676	5,443,789	5,112,359	5,143,360
Pupil Transportation	1,232,239	1,183,655	716,075	970,974
Interest on Debt	35,955	46,488	35,955	46,488
Total Governmental Activities	\$ 47,995,878	\$ 49,158,550	\$ 33,813,803	\$ 33,439,855

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2019 was \$1,199,414. These costs were funded by charges for services of \$1,052,000 (84%) and operating grants of \$195,791 (16%), as detailed in the change in net position schedule.

Total business-type activities revenues surpassed expenses and transfers, increasing net position by \$50,507 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 \$6,453,960 at June 30, 2019 compared to a combined fund balance of \$3,518,875 at June 30, 2018.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2019

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Revenues for the District's governmental funds were \$44,511,903, while total expenditures were \$44,001,168.

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 (GAAP Basis) For the Fiscal Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	Amount of Increase (Decrease)	Percent Change
Revenues				
Local Sources:				
Property Tax Levy	\$ 33,492,415	\$ 32,368,991	\$ 1,123,424	3%
Tuition	1,035,090	735,788	299,302	41%
Transportation	21,325	21,786	(461)	-2%
Interest	77,388	26,470	50,918	192%
Miscellaneous	45,806	78,592	(32,786)	-42%
State Sources	8,127,577	7,057,598	1,069,979	15%
Federal Sources	<u>11,988</u>	<u>15,058</u>	<u>(3,070)</u>	-20%
Total Revenues	<u>\$ 42,811,589</u>	<u>\$ 40,304,283</u>	<u>\$ 2,507,306</u>	6%

The majority of revenues come from property taxes which accounted for 78% of total revenue while state sources represented 19% of total revenue for the 2019 fiscal year.

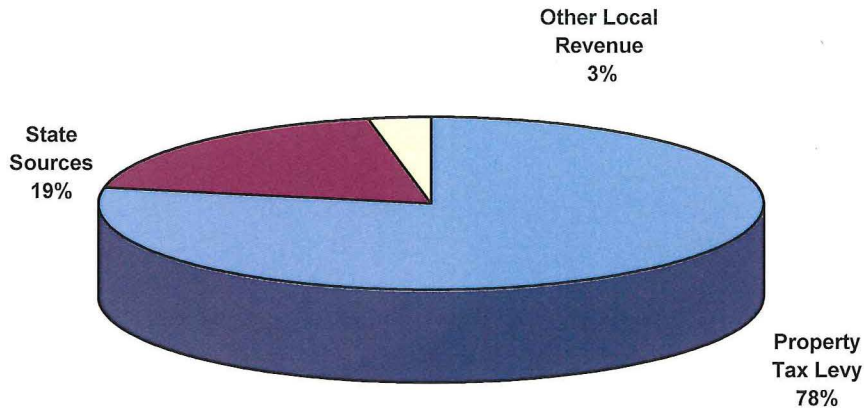
Total General Fund revenues increased by \$2,507,306 or 6% compared with the previous year. The increase in property tax revenues and on-behalf state revenues were largely attributable for the increase. Local property taxes increased 3% from the previous year to fund increases in budgeted expenditures. State aid revenues increased \$1,069,979 or 15% predominantly attributable to the increase in formula aid for transportation and the State's contribution for on-behalf TPAF pension costs made by the State for the District's teaching professionals. Tuition revenues increased due to a significant increase in enrollment of students received from outside the district. Transportation fees decreased due to a decrease in busing services provided for students received from outside the district.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2019

General Fund Revenues by Source For the Fiscal Year Ended June 30, 2019



The following schedule presents a summary of General Fund expenditures.

Summary of General Fund Expenditures (GAAP Basis) For the Fiscal Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	Amount of Increase (Decrease)	Percent Change
Expenditures				
Instruction	\$ 24,590,836	\$ 23,005,896	\$ 1,584,940	7%
Support Services	16,782,743	16,221,902	560,841	3%
Debt Service	238,228	127,892	110,336	86%
Capital Outlay	<u>473,122</u>	<u>152,396</u>	<u>320,726</u>	210%
Total Expenditures	<u>\$ 42,084,929</u>	<u>\$ 39,508,086</u>	<u>\$ 2,576,843</u>	7%

Total General Fund expenditures increased \$2,576,843 or 7% from the previous year. Instruction represented 58% of total expenditures while support services accounted for 40% of total expenditures for the 2019 fiscal year. The areas of regular instruction and student and instruction related support services also experienced significant increases over the prior year. Capital outlay increased due to expenditures incurred for various equipment purchases. Debt service increased due to repayment made on the new chromebook lease-purchase during the current fiscal year.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2019

For fiscal year 2019, general fund revenues and other financing sources exceeded expenditures and other financing uses by \$551,010. After adjusting for restricted and assigned fund balances, the unassigned fund balance decreased from \$155,332 at June 30, 2018 to \$129,221 at June 30, 2019. Consequently, the district has \$1,597,596 of restricted excess surplus from the current year operations compared to \$953,538 excess surplus at June 30, 2018 from prior year (2017/2018) operations.

CAPITAL PROJECTS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal years 2019 and 2018, the school district had invested in land and land improvements, buildings, furniture, machinery and equipment and construction in progress the following:

Capital Assets As of June 30, 2019 and 2018

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 3,255,000	\$ 3,255,000			\$ 3,255,000	\$ 3,255,000
Land Improvements	1,930,829	1,618,730			1,930,829	1,618,730
Buildings and Building Improvements	29,119,096	29,031,874			29,119,096	29,031,874
Machinery and Equipment	4,264,084	3,948,184	\$ 332,209	\$ 317,020	4,596,293	4,265,204
Construction in Progress	225,434	-	-	-	225,434	-
	<u>38,794,443</u>	<u>37,853,788</u>	<u>332,209</u>	<u>317,020</u>	<u>39,126,652</u>	<u>38,170,808</u>
Less: Accumulated Depreciation	<u>(18,391,249)</u>	<u>(17,423,859)</u>	<u>(233,884)</u>	<u>(202,351)</u>	<u>(18,625,133)</u>	<u>(17,626,210)</u>
Total Capital Assets, Net	<u>\$ 20,403,194</u>	<u>\$ 20,429,929</u>	<u>\$ 98,325</u>	<u>\$ 114,669</u>	<u>\$ 20,501,519</u>	<u>\$ 20,544,598</u>

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, 2019

Debt Administration. As of June 30, 2019 and 2018 the school district had long-term debt and outstanding long-term liabilities in the amount of \$14,799,037 and \$13,500,437, respectively, as follows:

Outstanding Long-Term Liabilities As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Serial Bonds Payable (Including Unamortized Premium)	\$ 874,868	\$ 1,324,871
Capital Leases Payable	2,161,663	184,939
Lease Purchase Agreements Payable	208,499	
Compensated Absences Payable	486,754	436,173
Net Pension Liability	<u>11,067,253</u>	<u>11,554,454</u>
Total	<u>\$ 14,799,037</u>	<u>\$ 13,500,437</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.
- Appropriation of additional state aid.
- Appropriation of restricted fund balance.

Revisions in the budget were made through budget transfers to prevent over expenditures in specific line item accounts.

NEW MILFORD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

General Fund budgetary basis revenues and other financing sources exceeded budgetary basis expenditures and other financing uses, increasing budgetary basis fund balance by \$735,961 from the previous year. After deducting restricted and assigned fund balances, the unassigned budgetary fund balance increased \$158,840 from \$1,136,444 at June 30, 2018 to \$1,295,284 at June 30, 2019. In addition, the District restricted fund balance for excess surplus increased to \$1,597,596 at June 30, 2019 compared to \$953,538 excess surplus at June 30, 2018.

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 2019-2020. Budgeted expenditures in the General Fund increased approximately four percent (4%) to \$39,514,683 in fiscal year 2019-2020.

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, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,247,902	\$ 450,738	\$ 5,698,640
Restricted Assets			
Cash and Cash Equivalents with Fiscal Agent	2,009,509		2,009,509
Receivables, Net:			
Receivables from Other Governments	504,478	9,791	514,269
Other	19,243	2,836	22,079
Internal Balances	(50,761)	50,761	-
Inventories		6,822	6,822
Capital Assets Not Being Depreciated	3,480,434		3,480,434
Capital Assets, Being Depreciated	<u>16,922,760</u>	<u>98,325</u>	<u>17,021,085</u>
Total Assets	<u>28,133,565</u>	<u>619,273</u>	<u>28,752,838</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	7,626		7,626
Deferred Amounts on Net Pension Liability	<u>3,654,909</u>	<u>-</u>	<u>3,654,909</u>
Total Deferred Outflows of Resources	<u>3,662,535</u>	<u>-</u>	<u>3,662,535</u>
Total Assets and Deferred Outflows of Resources	<u>31,796,100</u>	<u>619,273</u>	<u>32,415,373</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,131,116	16,879	1,147,995
Payable to Other Governments	105,649		105,649
Accrued Interest Payable	21,243		21,243
Unearned Revenue	39,646	26,696	66,342
Noncurrent Liabilities :			
Due Within One Year	1,032,127		1,032,127
Due Beyond One Year	<u>13,766,910</u>	<u>-</u>	<u>13,766,910</u>
Total Liabilities	<u>16,096,691</u>	<u>43,575</u>	<u>16,140,266</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, 2019**

	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	\$ 3,983,644	-	\$ 3,983,644
Deferred Commodities Revenue	-	\$ 2,233	2,233
	3,983,644	2,233	3,985,877
 Total Liabilities and Deferred Inflows of Resources	 20,080,335	 \$ 45,808	 20,126,143
NET POSITION			
Net Investment in Capital Assets	\$ 19,374,289	\$ 98,325	\$ 19,472,614
Restricted for:			
Capital Projects	798,012		798,012
Plant Maintenance	520,956		520,956
Unrestricted	(8,977,492)	475,140	(8,502,352)
 Total Net Position	 \$ 11,715,765	 \$ 573,465	 \$ 12,289,230

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, 2019**

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	\$ 18,874,564	\$ 47,070	\$ 5,392,418		\$ (13,435,076)		\$ (13,435,076)
Special Education	7,300,624	988,020	3,487,105		(2,825,499)		(2,825,499)
Other Instruction	706,321		209,213		(497,108)		(497,108)
School Sponsored Activities and Athletics	1,469,545		345,360	\$ 242,099	(882,086)		(882,086)
Support Services							
Student and Instruction Related Services	7,097,604		1,623,259		(5,474,345)		(5,474,345)
General Administrative Services	1,030,992		114,593		(916,399)		(916,399)
School Administrative Services	3,468,940		813,648		(2,655,292)		(2,655,292)
Central and Other Support Services	1,452,418		188,809		(1,263,609)		(1,263,609)
Plant Operations and Maintenance	5,326,676		214,317		(5,112,359)		(5,112,359)
Pupil Transportation	1,232,239	21,325	494,839		(716,075)		(716,075)
Interest on Debt	35,955	-	-	-	(35,955)	-	(35,955)
Total Governmental Activities	<u>47,995,878</u>	<u>1,056,415</u>	<u>12,883,561</u>	<u>242,099</u>	<u>(33,813,803)</u>	<u>-</u>	<u>(33,813,803)</u>
Business-Type Activities							
Food Service	764,959	603,824	195,791			\$ 34,656	34,656
Knight Care Latch Key Program	387,794	394,999				7,205	7,205
Broadway Kids Summer Program	21,459	22,737				1,278	1,278
After School Enrichment Program	12,652	17,745				5,093	5,093
Summer Music Program	12,550	12,695				145	145
Total Business-Type Activities	<u>1,199,414</u>	<u>1,052,000</u>	<u>195,791</u>	<u>-</u>	<u>-</u>	<u>48,377</u>	<u>48,377</u>
Total Primary Government	<u>\$ 49,195,292</u>	<u>\$ 2,108,415</u>	<u>\$ 13,079,352</u>	<u>\$ 242,099</u>	<u>(33,813,803)</u>	<u>48,377</u>	<u>(33,765,426)</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, 2019**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 33,492,415		\$ 33,492,415
Levied for Debt Service	477,900		477,900
State Aid, Unrestricted	389,442		389,442
Interest Income	86,897	\$ 6,954	93,851
Miscellaneous Income	45,806		45,806
Transfers	4,824	(4,824)	-
Total General Revenues and Transfers	34,497,284	2,130	34,499,414
Change in Net Position	683,481	50,507	733,988
Net Position, Beginning of Year	11,032,284	522,958	11,555,242
Net Position, End of Year	\$ 11,715,765	\$ 573,465	\$ 12,289,230

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, 2019

	<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	\$ 4,845,932		\$ 401,970		\$ 5,247,902
Restricted Assets					
Cash and Cash Equivalents with Fiscal Agent			2,009,509		2,009,509
Receivables, Net					-
Receivables from Other Governments	94,590	\$ 409,888			504,478
Accounts		17,688			17,688
Due from Other Funds	<u>83,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,202</u>
Total Assets	<u>\$ 5,023,724</u>	<u>\$ 427,576</u>	<u>\$ 2,411,479</u>	<u>\$ -</u>	<u>\$ 7,862,779</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 711,146	\$ 189,279	\$ 27,404		\$ 927,829
Accrued Salaries and Wages	62,790	11,355			74,145
Compensated Absences Payable	129,142				129,142
Payable to State Government		105,649			105,649
Due to Other Funds	50,761	81,647			132,408
Unearned Revenue	<u>-</u>	<u>39,646</u>	<u>-</u>	<u>-</u>	<u>39,646</u>
Total Liabilities	<u>953,839</u>	<u>427,576</u>	<u>27,404</u>	<u>-</u>	<u>1,408,819</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	413,937				413,937
Maintenance Reserve	520,956				520,956
Emergency Reserve	285,874				285,874
Excess Surplus	1,597,596				1,597,596
Excess Surplus - Designated for Subsequent Year's Budget	953,538				953,538
Capital Projects			2,384,075		2,384,075
Assigned Fund Balance					
Year End Encumbrances	68,763				68,763
Designated for Subsequent Year's Budget	100,000				100,000
Unassigned Fund Balance					
General Fund	<u>129,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,221</u>
Total Fund Balances	<u>4,069,885</u>	<u>-</u>	<u>2,384,075</u>	<u>-</u>	<u>6,453,960</u>
Total Liabilities and Fund Balances	<u>\$ 5,023,724</u>	<u>\$ 427,576</u>	<u>\$ 2,411,479</u>	<u>\$ -</u>	<u>\$ 7,862,779</u>

**NEW MILFORD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019**

Total Fund Balances (Exhibit B-1) \$ 6,453,960

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 \$38,794,443 and the accumulated depreciation is \$18,391,249. 20,403,194

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. 7,626

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	\$ 3,654,909	
Deferred Inflows of Resources	<u>(3,983,644)</u>	(328,735)

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (21,243)

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

Serial Bonds, Net	(874,868)	
Capital Leases	(2,161,663)	
Lease Purchase Agreements	(208,499)	
Compensated Absences	(486,754)	
Net Pension Liability	<u>(11,067,253)</u>	<u>(14,799,037)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ 11,715,765

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

NEW MILFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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	\$ 33,492,415			\$ 477,900	\$ 33,970,315
Tuition	1,035,090				1,035,090
Transportation Fees	21,325				21,325
Interest	77,388		\$ 9,509		86,897
Miscellaneous	45,806	\$ 25,384	-	-	71,190
Total - Local Sources	34,672,024	25,384	9,509	477,900	35,184,817
State Sources	8,127,577	402,573			8,530,150
Federal Sources	11,988	784,948	-	-	796,936
Total Revenues	42,811,589	1,212,905	9,509	477,900	44,511,903
EXPENDITURES					
Instruction					
Regular	16,258,903	589,657			16,848,560
Special Education	6,398,711	299,680			6,698,391
Other Instruction	616,033	9,418			625,451
School-Sponsored Activities and Athletics	1,317,189				1,317,189
Support Services					
Student and Instruction Related Services	6,056,198	314,150			6,370,348
General Administrative Services	957,026				957,026
School Administrative Services	3,058,175				3,058,175
Central and Other Support Services	1,258,037				1,258,037
Plant Operations and Maintenance	4,355,195				4,355,195
Pupil Transportation	1,098,112				1,098,112
Debt Service					
Principal	234,303			435,000	669,303
Interest and Other Charges	3,925			42,900	46,825
Capital Outlay	473,122	-	225,434	-	698,556
Total Expenditures	42,084,929	1,212,905	225,434	477,900	44,001,168
Excess (Deficiency) of Revenues Over (Under) Expenditures	726,660	-	(215,925)	-	510,735
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	100,691		2,000,000		2,100,691
Lease Purchase Proceeds	318,835	-	-	-	318,835
Transfers In	4,824	-	600,000	-	604,824
Transfers Out	(600,000)	-	-	-	(600,000)
Total Other Financing Sources and Uses	(175,650)	-	2,600,000	-	2,424,350
Net Change in Fund Balances	551,010	-	2,384,075	-	2,935,085
Fund Balance, Beginning of Year	3,518,875	-	-	-	3,518,875
Fund Balance, End of Year	\$ 4,069,885	\$ -	\$ 2,384,075	\$ -	\$ 6,453,960

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, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 2,935,085

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

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

Capital Outlay	\$ 698,556	
Depreciation Expense	<u>(967,390)</u>	(268,834)

Donation of capital assets increase net position in the Statement of Activities but do not appear in governmental funds because they are not financial resources

242,099

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or incurred 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	(50,581)	
Increase in Pension Expense	<u>(434,935)</u>	(485,516)

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	123,967	
Lease Purchase Agreements	110,336	
Serial Bonds	<u>435,000</u>	669,303

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.

Capital Lease Proceeds	(2,100,691)	
Lease Purchase Agreement Proceeds	<u>(318,835)</u>	(2,419,526)

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	(5,759)	
Original Issue Premium	<u>15,003</u>	9,244

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>1,626</u>
------------------------------	--	--------------

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 683,481**

**NEW MILFORD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

Business-Type Activities - Enterprise Fund

	<u>Food Service</u>	<u>Knight Care Latchkey Program</u>	<u>Non-Major Enterprise Funds</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 180,690	\$ 224,634	\$ 45,414	\$ 450,738
Intergovernmental Receivable	9,791			9,791
Accounts Receivable- Other	2,466	370		2,836
Due from Other Funds	57,051			57,051
Inventories	6,822	-	-	6,822
Total Current Assets	<u>256,820</u>	<u>225,004</u>	<u>45,414</u>	<u>527,238</u>
Capital Assets				
Equipment	191,864	140,345		332,209
Less: Accumulated Depreciation	<u>(123,896)</u>	<u>(109,988)</u>	-	<u>(233,884)</u>
Total Capital Assets, Net	<u>67,968</u>	<u>30,357</u>	-	<u>98,325</u>
Total Assets	<u>324,788</u>	<u>255,361</u>	<u>45,414</u>	<u>625,563</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	11,221	131	712	12,064
Accrued Salaries and Wages		4,215	600	4,815
Due to Other Funds		6,290		6,290
Unearned Revenue	<u>19,475</u>	<u>-</u>	<u>7,221</u>	<u>26,696</u>
Total Current Liabilities	<u>30,696</u>	<u>10,636</u>	<u>8,533</u>	<u>49,865</u>
DEFERRED INFLOW OF RESOURCES				
Deferred Commodities Revenue	<u>2,233</u>	<u>-</u>	<u>-</u>	<u>2,233</u>
Total Deferred Inflows of Resources	<u>2,233</u>	<u>-</u>	<u>-</u>	<u>2,233</u>
Total Liabilities and Deferred Inflow of Resources	<u>32,929</u>	<u>10,636</u>	<u>8,533</u>	<u>52,098</u>
NET POSITION				
Investment in Capital Assets	67,968	30,357	-	98,325
Unrestricted	<u>223,891</u>	<u>214,368</u>	<u>36,881</u>	<u>475,140</u>
Total Net Position	<u>\$ 291,859</u>	<u>\$ 244,725</u>	<u>\$ 36,881</u>	<u>\$ 573,465</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, 2019**

Business-Type Activities - Enterprise Fund

	<u>Food Service</u>	<u>Knight Care Latchkey Program</u>	<u>Non-Major Enterprise Fund</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for Services				
Daily Sales - Reimbursable Programs	\$ 265,576			\$ 265,576
Daily Sales - Non-Reimbursable Programs	338,248			338,248
Program Fees	-	\$ 394,999	\$ 53,177	448,176
	<u>603,824</u>	<u>394,999</u>	<u>53,177</u>	<u>1,052,000</u>
Total Operating Revenues				
OPERATING EXPENSES				
Salaries and Employee Benefits	286,641	337,236	41,745	665,622
Cost of Sales - Reimbursable Programs	212,650			212,650
Cost of Sales - Non-Reimbursable Programs	139,594			139,594
Purchased Management Services	54,407			54,407
Other Purchased Services	10,247	1,554		11,801
Supplies and Materials	30,495	41,410	4,916	76,821
Miscellaneous	6,986			6,986
Depreciation	23,939	7,594	-	31,533
	<u>764,959</u>	<u>387,794</u>	<u>46,661</u>	<u>1,199,414</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(161,135)</u>	<u>7,205</u>	<u>6,516</u>	<u>(147,414)</u>
NONOPERATING REVENUES				
Federal Sources				
National School Lunch Program	149,365			149,365
Food Distribution Program	39,987			39,987
State Sources				
State School Lunch Program	6,439			6,439
Interest	1,795	4,565	594	6,954
	<u>197,586</u>	<u>4,565</u>	<u>594</u>	<u>202,745</u>
Total Nonoperating Revenues				
Change in Net Position Before Transfers	36,451	11,770	7,110	55,331
Transfers Out	-	(4,277)	(547)	(4,824)
Change in Net Position	36,451	7,493	6,563	50,507
Total Net Position, Beginning of Year	<u>255,408</u>	<u>237,232</u>	<u>30,318</u>	<u>522,958</u>
Total Net Position, End of Year	<u>\$ 291,859</u>	<u>\$ 244,725</u>	<u>\$ 36,881</u>	<u>\$ 573,465</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, 2019**

	<u>Business-Type Activities - Enterprise Fund</u>			<u>Totals</u>
	<u>Food Service</u>	<u>Knight Care Latchkey Program</u>	<u>Non-Major Enterprise Fund</u>	
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 604,939	\$ 397,575	\$ 48,732	\$ 1,051,246
Cash Payments for Employees' Salaries and Benefits	(286,641)	(337,967)	(41,145)	(665,753)
Cash Payments to Suppliers for Goods and Services	(458,777)	(42,964)	(4,204)	(505,945)
Net Cash Provided/(Used) by Operating Activities	<u>(140,479)</u>	<u>16,644</u>	<u>3,383</u>	<u>(120,452)</u>
Cash Flows from Noncapital Financing Activities				
Cash Received from State and Federal Subsidy Reimbursements	156,746			156,746
Cash Payments from/(to) Other Funds	5,670	(9,947)	(592)	(4,869)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>162,416</u>	<u>(9,947)</u>	<u>(592)</u>	<u>151,877</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(15,189)	-	-	(15,189)
Net Cash Used By Capital and Related Financing Activities	<u>(15,189)</u>	<u>-</u>	<u>-</u>	<u>(15,189)</u>
Cash Flows from Investing Activities				
Interest on Investments	1,795	4,565	594	6,954
Net Cash Provided by Investing Activities	<u>1,795</u>	<u>4,565</u>	<u>594</u>	<u>6,954</u>
Net Increase in Cash and Cash Equivalents	8,543	11,262	3,385	23,190
Cash and Cash Equivalents, Beginning of Year	172,147	213,372	42,029	427,548
Cash and Cash Equivalents, End of Year	<u>\$ 180,690</u>	<u>\$ 224,634</u>	<u>\$ 45,414</u>	<u>\$ 450,738</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided/(Used) by Operating Activities				
Operating Income (Loss)	\$ (161,135)	\$ 7,205	\$ 6,516	\$ (147,414)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(Used) by Operating Activities				
Depreciation	23,939	7,594		31,533
Food Distribution Program (USDA Commodities)	39,987			39,987
Change in Assets, Liabilities and Deferred Inflows of Resources				
(Increase)/Decrease in Accounts Receivable	(527)	2,576		2,049
(Increase)/Decrease in Inventories	(535)			(535)
Increase/(Decrease) in Accounts Payable	(46,083)		712	(45,371)
Increase/(Decrease) in Accrued Salaries and Wages		(731)	600	(131)
Increase/(Decrease) in Unearned Revenue	1,642	-	(4,445)	(2,803)
Increase/(Decrease) in Deferred Inflow of Resources	2,233	-	-	2,233
Total Adjustments	<u>20,656</u>	<u>9,439</u>	<u>(3,133)</u>	<u>26,962</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (140,479)</u>	<u>\$ 16,644</u>	<u>\$ 3,383</u>	<u>\$ (120,452)</u>
Non-Cash Investing, Capital and Financing Activities				
Value Received - Food Distribution Program	\$ 42,220			\$ 42,220

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, 2019**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 75,384	\$ 164,821	\$ 629,568
Total Assets	<u>75,384</u>	<u>164,821</u>	<u>\$ 629,568</u>
LIABILITIES			
Intergovernmental Accounts Payable	899		
Accrued Salaries and Wages			\$ 473
Payroll Deductions and Withholdings			1,899
Employee Deposits Payable			423,654
Due to Other Funds			1,555
Due to Student Groups	<u>-</u>	<u>-</u>	<u>201,987</u>
Total Liabilities	<u>899</u>	<u>-</u>	<u>\$ 629,568</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 74,485</u>	<u>\$ 164,821</u>	

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
District		
Employee	\$ 38,423	
Private		\$ 57,972
Investment Earnings		
Interest	<u>628</u>	<u>362</u>
Total Additions	<u>39,051</u>	<u>58,334</u>
DEDUCTIONS		
Scholarship Awards		54,700
Unemployment Claims and Contributions	<u>20,137</u>	<u> </u>
Total Deductions	<u>20,137</u>	<u>54,700</u>
Change in Net Position	18,914	3,634
Net Position, Beginning of Year	<u>55,571</u>	<u>161,187</u>
Net Position, End of Year	<u>\$ 74,485</u>	<u>\$ 164,821</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, 2019**

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, summer 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

During fiscal year 2019, the District adopted the following GASB statements as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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.

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.

NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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 funds, the food service enterprise fund and the Knight Care Latchkey Program enterprise fund 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.

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 administrators, teachers and special events.

The *Knight Care Latchkey Program fund* accounts for the activities of the District's child care program which provides before and after school childcare activities for District students in grades K through 8.

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.

The *Summer Music Program fund* accounts for the activities of the District's summer music academy program which provides various music enrichment activities during the summer recess.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, 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 *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee 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.

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.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 Board'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.

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. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

4. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by a capital lease agreement for specific capital projects.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 acquisition 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

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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount 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.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 (Continued)

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. The one 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. The other item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

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. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

8. Pensions

In the district-wide financial statements and proprietary fund types in the fund 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.

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.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. 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 with the unamortized bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not from actual debt proceeds received, are reported as debt service expenditures.

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.

NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 – 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 2C).

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 2D).

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 2E).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 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, 2018 audited excess surplus that was appropriated in the 2019/2020 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.

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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.

3. Tuition Revenues and Expenditures

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. According to the contracts with the sending districts, the charges are not 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 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Nonoperating 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 Knights Care Latchkey Program enterprise fund, and of the District's nonmajor 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. 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.

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 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$1,644,478. The increase was funded by additional state aid, additional appropriation of restricted and unassigned general fund balance, grant awards and the reappropriation of prior year general fund encumbrances.

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.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances due to audit adjustments

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Tuition of CSSD & Reg. Day Schools	\$101,443	\$120,805	\$19,362

The above variances were offset with other available resources.

C. 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.

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018		\$ 611,411
Increased by:		
Interest Earnings	\$ 2,526	
Deposits Approved by Board Resolution	<u>400,000</u>	
		<u>402,526</u>
		1,013,937
Decreased by:		
Withdrawals Approved by Board Resolution		<u>600,000</u>
Balance, June 30, 2019		<u>\$ 413,937</u>

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

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. 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, 2019 is as follows:

Balance, July 1, 2018	\$ 319,405
Increased by:	
Interest Earnings	\$ 1,551
Deposits Approved by Board Resolution	<u>200,000</u>
	<u>201,551</u>
Balance, June 30, 2019	<u>\$ 520,956</u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,818,880.

E. 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 or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. 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, 2019 is as follows:

Balance, July 1, 2018	<u>\$ 285,874</u>
Balance, June 30, 2019	<u>\$ 285,874</u>

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 restrict 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, 2019 is \$2,551,134. Of this amount, \$953,538 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$1,597,596 will be appropriated in the 2020/2021 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), National Credit Union Share Insurance Fund (NCUSIF), 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 and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$6,568,413 and bank and brokerage firm balances of the Board's deposits amounted to \$6,713,605. 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>6,713,605</u>
---------	---------------------

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2019 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments

Investments (Continued)

397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2019, The Board had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Government Securities – Money Market Fund	<u>\$2,009,509</u>

Custodial Credit Risk – Investments – For an investment, this is a risk that in the event of the failure of the counterparty, The Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2019, \$2,009,509 of the Board’s investments was exposed to custodial credit risk as follows:

Uninsured and Collateralized:	<u>Fair Value</u>
Collateral held by pledging financial institutions’ trust department or agent but not in the Board’s name	<u>\$2,009,509</u>

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. The fair value of the above-listed investment was based on information provided by the Fiscal Agent.

The fair value of the above listed investment was provided by the Fiscal Agent.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2019 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Total</u>
Receivables:					
Intergovernmental:					
State	\$ 68,730		\$ 392		\$ 69,122
Federal		\$ 409,888	9,399		419,287
Local	25,860				25,860
Accounts	<u>-</u>	<u>17,688</u>	<u>2,466</u>	<u>\$ 370</u>	<u>20,524</u>
Total Gross Receivables	<u>\$ 94,590</u>	<u>\$ 427,576</u>	<u>\$ 12,257</u>	<u>\$ 370</u>	<u>\$ 534,793</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	\$ 9,954
Grand Draw Downs Reserved for Encumbrances	<u>29,692</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 39,646</u>

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2019</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,255,000	-	-	\$ 3,255,000
Construction in Progress	<u>-</u>	<u>\$ 225,434</u>	<u>\$ -</u>	<u>225,434</u>
Total Capital Assets, Not Being Depreciated	<u>3,255,000</u>	<u>225,434</u>	<u>-</u>	<u>3,480,434</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,618,730	312,099		1,930,829
Buildings and Building Improvements	29,031,874	\$ 87,222		29,119,096
Machinery and Equipment	<u>3,948,184</u>	<u>315,900</u>	<u>\$ -</u>	<u>4,264,084</u>
Total Capital Assets Being Depreciated	<u>34,598,788</u>	<u>715,221</u>	<u>-</u>	<u>35,314,009</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,145,293)	(61,232)		(1,206,525)
Buildings and Building Improvements	(13,798,013)	(625,467)		(14,423,480)
Machinery and Equipment	<u>(2,480,553)</u>	<u>(280,691)</u>	<u>-</u>	<u>(2,761,244)</u>
Total Accumulated Depreciation	<u>(17,423,859)</u>	<u>(967,390)</u>	<u>-</u>	<u>(18,391,249)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,174,929</u>	<u>(252,169)</u>	<u>-</u>	<u>16,922,760</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,429,929</u>	<u>\$ (26,735)</u>	<u>\$ -</u>	<u>\$ 20,403,194</u>
 Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 317,020	\$ 15,189	-	\$ 332,209
Total Capital Assets Being Depreciated	<u>317,020</u>	<u>15,189</u>	<u>-</u>	<u>332,209</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(202,351)	(31,533)	-	(233,884)
Total Accumulated Depreciation	<u>(202,351)</u>	<u>(31,533)</u>	<u>-</u>	<u>(233,884)</u>
Total Capital Assets, Being Depreciated, Net	<u>114,669</u>	<u>(16,344)</u>	<u>-</u>	<u>98,325</u>
Business-Type Activities Capital Assets, Net	<u>\$ 114,669</u>	<u>\$ (16,344)</u>	<u>\$ -</u>	<u>\$ 98,325</u>

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 29,407
Special Education	2,235
School-Sponsored Activities and Athletics	12,567
Total Instruction	<u>44,209</u>

Support Services

Student and Instruction Related Services	51,350
School Administrative Services	
Central and Other Support Services	99,152
Plant Operations and Maintenance	714,382
Pupil Transportation	58,297
Total Support Services	<u>923,181</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 967,390</u>
--	-------------------

Business-Type Activities:

Food Service Fund	\$ 23,939
Knight Care Latch Key Program Fund	7,594

Total Depreciation Expense-Business-Type Activities	<u>\$ 31,533</u>
---	------------------

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2019:

<u>Project</u>	<u>Remaining Commitment</u>
<u>Capital Projects Fund</u>	
Installation of Artificial Turf on Football and Soccer Fields and Reconstruction of the Track at the New Milford High School	<u>\$ 1,247,071</u>

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 1,555
General Fund	Special Revenue Fund	81,647
Food Service Fund	General Fund	50,761
Food Service Fund	Knight Care Latchkey Program Enterprise Fund	<u>6,290</u>
 Total		 <u>\$ 140,253</u>

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

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

Interfund Transfers

	<u>Transfers In:</u>	
	<u>General Fund</u>	<u>Capital Projects Fund</u>
Transfers Out:		
General Fund		\$ 600,000
Knight Care Latchkey Program Enterprise Fund	\$ 4,277	
Broadway Kids Summer Program Enterprise Fund	98	
After School Enrichment Enterprise Fund	<u>449</u>	<u>-</u>
	<u>\$ 4,824</u>	<u>\$ 600,000</u>

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

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2019 were \$95,000. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 80,280
2021	80,280
2022	<u>33,450</u>
Total	<u>\$ 194,010</u>

Capital Leases and Lease-Purchase Agreements

The District is leasing several school buses, backhoe loader and the High School field renovations totaling \$2,250,895 under capital leases. The leases are for terms of 5 years. In addition, the District entered into a lease purchase agreement for the purchase of chromebook laptops (supplies) totaling \$318,835. The lease is for a term of 3 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 250,895</u>

The unexpended proceeds from the capital lease for the High School field renovation project in the amount of \$2,009,509 at June 30, 2019 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Capital Leases</u>	<u>Lease-Purchase Agreements</u>
2020	\$ 477,253	\$ 110,336
2021	477,252	110,336
2022	455,086	
2023	449,092	
2024	<u>449,091</u>	<u>-</u>
Total minimum lease payments	2,307,774	220,672
Less: amount representing interest	(146,111)	(12,173)
Present value of minimum lease payments	<u>\$ 2,161,663</u>	<u>\$ 208,499</u>

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019 are comprised of the following issues:

\$4,515,000, 2009 Refunding Bonds, due in annual installments of \$425,000 to \$435,000 through August 15, 2020, interest at 4% \$855,000

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>	
2020	\$ 430,000	\$ 25,600	\$ 455,600
2021	<u>425,000</u>	<u>8,500</u>	<u>433,500</u>
Total	<u>\$ 855,000</u>	<u>\$ 34,100</u>	<u>\$ 889,100</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 74,185,497
Less: Net Debt Issued	<u>855,000</u>
Remaining Borrowing Power	<u>\$ 73,330,497</u>

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, 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	\$ 1,290,000		\$ 435,000	\$ 855,000	\$ 430,000
Add:					
Unamortized Premium	34,871	-	15,003	19,868	-
Total Bonds Payable	1,324,871	-	450,003	874,868	430,000
Capital Leases Payable	184,939	\$ 2,100,691	123,967	2,161,663	449,855
Lease Purchase Agreements Payable		318,835	110,336	208,499	102,272
Compensated Absences Payable	436,173	130,526	79,945	486,754	50,000
Net Pension Liability	11,554,454	71,896	559,097	11,067,253	-
Governmental Activities Long-Term Liabilities	<u>\$ 13,500,437</u>	<u>\$ 2,621,948</u>	<u>\$ 1,323,348</u>	<u>\$ 14,799,037</u>	<u>\$ 1,032,127</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

The relationship between the Board and the Group 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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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 group 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>
2019	None	\$ 38,423	\$ 20,137	\$ 74,485
2018	\$ 45,000	36,376	49,372	55,571
2017	35,000	35,931	41,214	23,349

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, 2019, 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, 2019, the District has not estimated its arbitrage earnings due to the IRS, if any.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

Teachers’ Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. 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, 2019**

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 (“Division”), 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.

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployee contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployee 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively 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>
2019	\$ 559,097	\$ 2,794,649	\$ 30,211
2018	459,824	1,979,507	27,070
2017	459,185	1,459,377	23,129

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$4,285, \$9,674 and \$3,746, respectively for PERS and the State contributed \$3,449, \$3,795 and \$4,689, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental 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 \$1,032,984 during the fiscal year ended June 30, 2019 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 governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$11,067,253 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .05621 percent, which was an increase of .00658 percent from its proportionate share measured as of June 30, 2017 of .04963 percent.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$994,032 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 211,054	\$ 57,066
Changes of Assumptions	1,823,700	3,538,719
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		103,811
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,620,155</u>	<u>284,048</u>
Total	<u>\$ 3,654,909</u>	<u>\$ 3,983,644</u>

At June 30, 2019, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2020	\$ 289,043
2021	109,192
2022	(503,975)
2023	(437,552)
2024	<u>214,557</u>
	<u>\$ (328,735)</u>

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 District's total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease <u>4.66%</u>	Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 13,915,795</u>	<u>\$ 11,067,253</u>	<u>\$ 8,677,508</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS 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 report may be accessed via the New Jersey, 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, 2019**

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)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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 and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$4,867,057 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$83,487,984. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .13123 percent, which was an increase of .00149 percent from its proportionate share measured as of June 30, 2017 of .12974 percent.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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:

Fiscal Year	Measurement Date	Discount Rate
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 98,681,212</u>	<u>\$ 83,487,984</u>	<u>\$ 70,893,168</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

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 report 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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,000
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>362,181</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**NEW MILFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$1,267,648, \$1,278,521 and \$1,215,992, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2017 through June 30, 2018. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$3,115,773. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State’s proportionate share of the OPEB liability attributable to the District is \$54,696,566. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state’s share of the OPEB liability attributable to the District was .11862 percent, which was an increase of .00310 percent from its proportionate share measured as of June 30, 2017 of .11552 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%

Mortality Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Long-Term Rate of Return 1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2018.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>61,966,794</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,723,092
Interest on the Total OPEB Liability	2,290,845
Differences Between Expected and Actual Experience	(4,595,442)
Changes of Assumptions	(6,276,705)
Gross Benefit Payments	(1,462,567)
Contributions from the Member	50,549
Net Changes	\$ <u>(7,270,228)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>54,696,566</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 was not provided by the pension system.

**NEW MILFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.87% as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 64,662,475	\$ 54,696,566	\$ 46,774,697

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 45,209,897	\$ 54,696,566	\$ 67,243,048

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For New Milford Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

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, 2019**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 33,492,415		\$ 33,492,415	\$ 33,492,415	
Tuition from Individuals	-		-	47,070	\$ 47,070
Tuition from Other LEAs Within the State	936,198		936,198	988,020	51,822
Transportation Fees from Other LEA's	14,010		14,010	21,325	7,315
Interest	-		-	73,311	73,311
Interest Earned on Current Expense Emergence Reserve	675		675	-	(675)
Interest Earned on Maintenance Reserve	275		275	1,551	1,276
Interest Earned on Capital Reserve	250		250	2,526	2,276
Miscellaneous	51,200	-	51,200	45,806	(5,394)
Total Local Sources	34,495,023	-	34,495,023	34,672,024	177,001
State Sources					
Special Education Aid	1,294,330		1,294,330	1,294,330	-
Equalization Aid	388,569		388,569	388,569	-
Security Aid	47,564	\$ 25,802	73,366	73,366	-
Transportation Aid	227,953	202,629	430,582	430,582	-
Extraordinary Aid	475,000		475,000	958,221	483,221
Nonpublic Transportation Aid	-		-	68,730	68,730
TPAF Pension Contribution (Non-Budget)	-		-	2,737,349	2,737,349
TPAF Pension - NCGI Premium (Non-Budget)	-		-	57,300	57,300
TPAF Post Retirement Medical Contribution (Non-Budget)	-		-	1,267,648	1,267,648
TPAF Long Term Disability Insurance (Non-Budget)	-		-	3,449	3,449
TPAF Social Security Reimbursements (Non-Budget)	-	-	-	1,032,984	1,032,984
Total State Sources	2,433,416	228,431	2,661,847	8,312,528	5,650,681
Federal Sources					
Medicaid Reimbursement	24,154	-	24,154	11,988	(12,166)
Total Federal Sources	24,154	-	24,154	11,988	(12,166)
Total Revenues	\$ 36,952,593	\$ 228,431	\$ 37,181,024	\$ 42,996,540	\$ 5,815,516
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	\$ 55,500	\$ 66,788	\$ 122,288	\$ 112,705	\$ 9,583
Kindergarten	551,073	619	551,692	550,750	942
Grades 1-5	2,960,757	44,685	3,005,442	2,938,812	66,630
Grades 6-8	2,212,366	25,234	2,237,600	2,237,600	-
Grades 9-12	3,218,706	105,151	3,323,857	3,295,339	28,518
Regular Programs - Home Instruction					
Salaries of Teachers	10,000	-	10,000	360	9,640
Purchased Professional/Educational Services	10,000	12,982	22,982	22,527	455
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	40,440	(14,155)	26,285	16,270	10,015
Purchased Professional/Educational Services	7,450	(344)	7,106	3,974	3,132
Purchased Technical Services	39,970	(16,232)	23,738	23,738	-
Other Purchased Services	217,600	10,521	228,121	227,366	755
General Supplies	539,614	68,158	607,772	572,029	35,743
General Supplies Acquired Under Lease-Purchase(Non-Budget)				318,835	(318,835)
Textbooks	64,548	(23,643)	40,905	32,185	8,720
Other Objects	28,200	5,518	33,718	24,689	9,029
Total Regular Programs	9,956,224	285,282	10,241,506	10,377,179	(135,673)

NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES (Continued)					
CURRENT (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 123,330	\$ 2,108	\$ 125,438	\$ 125,434	\$ 4
Other Salaries for Instruction	169,733	(16,467)	153,266	146,314	6,952
General Supplies	8,170	(3,883)	4,287	2,510	1,777
Textbooks	8,000	(3,573)	4,427	1,659	2,768
Total Learning and/or Language Disabilities	<u>309,233</u>	<u>(21,815)</u>	<u>287,418</u>	<u>275,917</u>	<u>11,501</u>
Multiple Disabilities					
Salaries of Teachers	165,515	-	165,515	144,078	21,437
Other Salaries for Instruction	74,851	58,965	133,816	127,790	6,026
General Supplies	27,400	1,733	29,133	28,652	481
Textbooks	2,000	(1,000)	1,000	938	62
Other Objects	11,875	6,303	18,178	16,267	1,911
Total Multiple Disabilities	<u>281,641</u>	<u>66,001</u>	<u>347,642</u>	<u>317,725</u>	<u>29,917</u>
Resource Room/Resource Center					
Salaries of Teachers	1,252,724	(7,537)	1,245,187	1,232,917	12,270
Other Salaries for Instruction	187,745	(24,748)	162,997	154,630	8,367
General Supplies	32,395	(3,200)	29,195	17,063	12,132
Textbooks	9,000	-	9,000	6,870	2,130
Total Resource Room/Resource Center	<u>1,481,864</u>	<u>(35,485)</u>	<u>1,446,379</u>	<u>1,411,480</u>	<u>34,899</u>
Autism					
Salaries of Teachers	252,250	(1,784)	250,466	246,265	4,201
Other Salaries for Instruction	545,760	753	546,513	540,922	5,591
General Supplies	2,850	2,701	5,551	4,599	952
Total Autism	<u>800,860</u>	<u>1,670</u>	<u>802,530</u>	<u>791,786</u>	<u>10,744</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	79,640	2,014	81,654	80,633	1,021
Other Salaries for Instruction	46,235	-	46,235	10,654	35,581
Total Preschool Disabilities - Part-Time	<u>125,875</u>	<u>2,014</u>	<u>127,889</u>	<u>91,287</u>	<u>36,602</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	64,755	(15,489)	49,266	30,540	18,726
Other Salaries for Instruction	317,632	(74,836)	242,796	242,796	-
General Supplies	13,000	-	13,000	12,653	347
Total Preschool Disabilities - Full-Time	<u>395,387</u>	<u>(90,325)</u>	<u>305,062</u>	<u>285,989</u>	<u>19,073</u>
Home Instruction					
Salaries of Teachers	1,200	23,700	24,900	6,107	18,793
Total Home Instruction	<u>1,200</u>	<u>23,700</u>	<u>24,900</u>	<u>6,107</u>	<u>18,793</u>
Total Special Education	<u>3,396,060</u>	<u>(54,240)</u>	<u>3,341,820</u>	<u>3,180,291</u>	<u>161,529</u>
Basic Skills/Remedial					
Salaries of Teachers	195,235	5,986	201,221	200,216	1,005
General Supplies	1,000	-	1,000	-	1,000
Total Basic Skills/Remedial	<u>196,235</u>	<u>5,986</u>	<u>202,221</u>	<u>200,216</u>	<u>2,005</u>

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)					
Bilingual Education					
Salaries of Teachers	\$ 209,648	\$ 8,973	\$ 218,621	\$ 180,502	\$ 38,119
General Supplies	1,000	-	1,000	-	1,000
Total Bilingual Education	<u>210,648</u>	<u>8,973</u>	<u>219,621</u>	<u>180,502</u>	<u>39,119</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	165,287	14,251	179,538	179,538	-
Purchased Services	10,200	2,100	12,300	9,826	2,474
Supplies and Materials	25,250	(5,008)	20,242	11,742	8,500
Other Objects	3,400	(2,000)	1,400	1,205	195
Total School Sponsored Co/Extra Curricular Activities	<u>204,137</u>	<u>9,343</u>	<u>213,480</u>	<u>202,311</u>	<u>11,169</u>
School Sponsored Athletics					
Salaries	423,427	-	423,427	421,039	2,388
Purchased Services	174,025	12,500	186,525	162,180	24,345
Supplies and Materials	62,100	(3,694)	58,406	54,058	4,348
Other Objects	14,200	-	14,200	13,323	877
Total School Sponsored Athletics	<u>673,752</u>	<u>8,806</u>	<u>682,558</u>	<u>650,600</u>	<u>31,958</u>
Instructional Alternative Ed Prog - Instruction					
Salaries	-	57,520	57,520	57,520	-
Total Instructional/Alternative Ed Prog - Instruction	<u>-</u>	<u>57,520</u>	<u>57,520</u>	<u>57,520</u>	<u>-</u>
Total Instruction	<u>14,637,056</u>	<u>321,670</u>	<u>14,958,726</u>	<u>14,848,619</u>	<u>110,107</u>
Undistributed Expenditures					
Instruction (Tuition)					
Tuition to Other LEAs w/i State - Special	751,004	(267,696)	483,308	354,935	128,373
Tuition to County Voc. School Dist.-Regular	353,934	-	353,934	305,743	48,191
Tuition to County Voc. School Dist.- Special	149,256	-	149,256	135,614	13,642
Tuition to CSSD & Reg. Day Schools	145,917	(44,474)	101,443	120,805	(19,362)
Tuition to Priv.Sch. For the Disabled W/I State	683,555	206,355	889,910	808,745	81,165
Tuition - Other	-	12,208	12,208	12,208	-
Total Undistributed Expenditures - Instruction (Tuition)	<u>2,083,666</u>	<u>(93,607)</u>	<u>1,990,059</u>	<u>1,738,050</u>	<u>252,009</u>
Attendance and Social Work					
Salaries	111,102	-	111,102	111,102	-
Purchased Professional and Technical Services	38,300	(314)	37,986	35,811	2,175
Other Purchased Services	8,800	(3,147)	5,653	5,563	90
Supplies and Materials	500	267	767	767	-
Total Attendance and Social Work	<u>158,702</u>	<u>(3,194)</u>	<u>155,508</u>	<u>153,243</u>	<u>2,265</u>
Health Services					
Salaries	293,095	13,329	306,424	302,863	3,561
Purchased Professional and Technical Services	26,459	(93)	26,366	15,099	11,267
Other Purchased Services	1,000	-	1,000	200	800
Supplies and Materials	7,450	893	8,343	7,506	837
Total Health Services	<u>328,004</u>	<u>14,129</u>	<u>342,133</u>	<u>325,668</u>	<u>16,465</u>

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)					
Undistributed Expenditures (Continued)					
Speech, OT, PT & Related Serv.					
Salaries	\$ 371,930	\$ 9,036	\$ 380,966	\$ 379,181	\$ 1,785
Purchased Professional/Educational Services	155,589	71,593	227,182	131,217	95,965
Supplies and Materials	2,200	(290)	1,910	607	1,303
Total Speech, OT, PT, & Related Serv.	<u>529,719</u>	<u>80,339</u>	<u>610,058</u>	<u>511,005</u>	<u>99,053</u>
Other Support Services - Students - Extra Serv.					
Salaries	632,391	27,933	660,324	652,076	8,248
Purchased Professional/Educational Services	418,475	(7,233)	411,242	332,220	79,022
Total Other Supp.Serv. Student - Extra Serv.	<u>1,050,866</u>	<u>20,700</u>	<u>1,071,566</u>	<u>984,296</u>	<u>87,270</u>
Guidance					
Salaries of Other Professional Staff	528,189	(18,472)	509,717	509,717	-
Salaries of Secretarial & Clerical Assistants	43,689	(19,478)	24,211	24,211	-
Purchased Professional-Educational Services	500	-	500	500	500
Other Purchased Professional and Technical Svs.	8,200	(804)	7,396	6,686	710
Other Purchased Services	300	-	300	300	300
Supplies and Materials	9,250	(2,472)	6,778	6,428	350
Other Objects	1,000	-	1,000	142	858
Total Guidance	<u>591,128</u>	<u>(41,226)</u>	<u>549,902</u>	<u>547,184</u>	<u>2,718</u>
Child Study Team					
Salaries of Other Professional Staff	859,030	31,377	890,407	885,937	4,470
Salaries of Secretarial & Clerical Assistants	142,447	(349)	142,098	138,807	3,291
Purchased Professional-Educational Services	46,000	-	46,000	41,398	4,602
Other Purchased Services	4,200	1,313	5,513	4,793	720
Supplies and Materials	24,977	379	25,356	22,056	3,300
Other Objects	2,035	-	2,035	1,743	292
Total Child Study Team	<u>1,078,689</u>	<u>32,720</u>	<u>1,111,409</u>	<u>1,094,734</u>	<u>16,675</u>
Educational Media/School Library					
Salaries	220,326	1,077	221,403	219,589	1,814
Salaries of Technology Coordinators	132,768	1	132,769	132,769	-
Purchased Professional and Technical Services	10,900	(827)	10,073	9,192	881
Supplies and Materials	64,695	(1,650)	63,045	60,978	2,067
Other Objects	200	-	200	-	200
Total Educational Media/School Library	<u>428,889</u>	<u>(1,399)</u>	<u>427,490</u>	<u>422,528</u>	<u>4,962</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	24,350	(5,150)	19,200	12,250	6,950
Purchased Professional-Educational Services	49,650	1,600	51,250	34,446	16,804
Other Purchased Services	29,380	49	29,429	16,291	13,138
Total Instructional Staff Training Services	<u>103,380</u>	<u>(3,501)</u>	<u>99,879</u>	<u>62,987</u>	<u>36,892</u>

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 408,247	\$ 30,444	\$ 438,691	\$ 406,619	\$ 32,072
Legal Services	75,000	297	75,297	36,149	39,148
Audit Fees	35,000	31,043	66,043	35,343	30,700
Architectural / Engineering Services	30,000	58,787	88,787	88,787	-
Other Purchased Professional Services	7,000	1,584	8,584	7,822	762
Purchased Technical Services	9,000	(4,699)	4,301		4,301
Communications/Telephone	85,200	(15,057)	70,143	52,791	17,352
BOE Other Purchased Services	7,300	2,702	10,002	9,216	786
Miscellaneous Purchased Services	28,750	(419)	28,331	25,591	2,740
General Supplies	9,300	(4,283)	5,017	4,482	535
BOE In-House Training/Meeting Supplies	900	-	900	509	391
Judgements Against District		2,500	2,500	2,500	-
Miscellaneous Expenditures	4,525	-	4,525	3,427	1,098
BOE Membership Dues and Fees	13,000	-	13,000	12,777	223
Total Support Services General Administration	713,222	102,899	816,121	686,013	130,108
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog Director	847,535	(2,150)	845,385	845,385	-
Salaries of Other Professional Staff	620,571	22,174	642,745	642,745	-
Salaries of Secretarial and Clerical Assistants	398,147	(14,655)	383,492	382,647	845
Other Purchased Services	14,050	12,585	26,635	20,915	5,720
Supplies and Materials	41,035	(5,269)	35,766	34,076	1,690
Other Objects	17,267	(2,407)	14,860	10,835	4,025
Total Support Services School Administration	1,938,605	10,278	1,948,883	1,936,603	12,280
Undistributed Expenditures - Central Services					
Salaries	451,547	(3,378)	448,169	442,724	5,445
Purchased Professional Services	5,000	(3,254)	1,746	1,629	117
Purchased Technical Services	23,128	1,457	24,585	24,585	-
Misc. Purchased Services	6,000	2,492	8,492	8,492	-
Supplies and Materials	4,770	2,186	6,956	6,956	-
Miscellaneous Expenditures	1,750	(19)	1,731	1,705	26
Total Undistributed Expenditures - Central Services	492,195	(516)	491,679	486,091	5,588
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	213,349	18,400	231,749	230,249	1,500
Purchased Professional Services	5,000	-	5,000	5,000	-
Purchased Technical Services	18,660	22,639	41,299	41,299	-
Other Purchased Services	48,600	(7,147)	41,453	40,675	778
Supplies and Materials	73,270	36,344	109,614	109,313	301
Total Undistributed Expenditures - Admin. Info. Tech.	358,879	70,236	429,115	426,536	2,579
Required Maintenance for School Facilities					
Salaries	369,817	(43,251)	326,566	326,566	-
Cleaning, Repair and Maintenance Services	136,460	63,186	199,646	184,803	14,843
General Supplies	103,260	(1,346)	101,914	98,211	3,703
Total Required Maintenance for School Facilities	609,537	18,589	628,126	609,580	18,546

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 1,170,935	\$ (44,300)	\$ 1,126,635	\$ 1,102,113	\$ 24,522
Salaries of Non-Instructional Aides	139,260	-	139,260	136,651	2,609
Purchased Professional-Technical Services	36,790	(28,908)	7,882	7,472	410
Cleaning, Repair and Maintenance Services	156,685	(625)	156,060	137,831	18,229
Rental of Land and Bldg Other than Lease Purch. Agmt.	37,124	-	37,124	36,973	151
Other Purchased Property Services	45,000	-	45,000	26,687	18,313
Insurance	274,800	-	274,800	267,565	7,235
Miscellaneous Purchased Services	8,200	440	8,640	1,602	7,038
General Supplies	88,320	1,435	89,755	79,278	10,477
Energy (Natural Gas)	257,800	1,589	259,389	226,014	33,375
Energy (Electricity)	365,000	(8,806)	356,194	274,921	81,273
Energy (Gasoline)	6,000	7,117	13,117	12,923	194
Other Objects	350	100	450	450	-
Total Custodial Services	2,586,264	(71,958)	2,514,306	2,310,480	203,826
Care and Upkeep of Grounds					
Salaries	155,069	(29,736)	125,333	118,883	6,450
Cleaning, Repair and Maintenance Services	139,700	(18,053)	121,647	107,587	14,060
General Supplies	23,000	11,286	34,286	31,308	2,978
Total Care and Upkeep of Grounds	317,769	(36,503)	281,266	257,778	23,488
Security					
Purchased Professional-Technical Services	204,900	9,371	214,271	214,159	112
Cleaning, Repair and Maintenance Services	60,500	84,164	144,664	82,258	62,406
Total Security	265,400	93,535	358,935	296,417	62,518
Student Transportation Services					
Salaries of Non-Instructional Aides	70,320	(5,580)	64,740	64,740	-
Salaries for Pupil Transportation (Between Home and School) - Regular	45,998	90,967	136,965	136,965	-
Salaries for Pupil Transportation (Between Home and School) - Spcc. Ed.	85,487	(4,877)	80,610	80,610	-
Salaries for Pupil Transportation (Other Than Between Home and School)	160,571	(87,776)	72,795	62,994	9,801
Other Purchased Professional and Technical Svs.	7,250	(1,800)	5,450	1,522	3,928
Cleaning, Repair and Maintenance Services	25,000	7,250	32,250	27,439	4,811
Lease Purchase Payment - School Buses	55,000	20,000	75,000	54,056	20,944
Contracted Services - Aid in Lieu Payments-Nonpublic Schools	206,000	27,228	233,228	220,826	12,402
Contracted Services - Aid in Lieu Payments - Choice Sch. Students	1,000	-	1,000	-	1,000
Contracted Services (Between Home and School) - Vendors	18,800	200	19,000	6,100	12,900
Contracted Services (Other Than Between Home and School) - Vendors	15,200	2,775	17,975	15,493	2,482
Contracted Services (Between Home and School) - Joint Agreement	2,800	36,640	39,440	39,440	-
Contracted Services (Special Ed Students) - Joint Agreement	65,000	-	65,000	6,755	58,245
Contracted Services (Reg. Students) - ESCs & CTSAs	73,000	(17,500)	55,500	20,481	35,019
Contracted Serv. (Spl. Ed. Students)- ESCs & CTSAs	310,000	(20,202)	289,798	208,837	80,961
General Supplies	5,000	5,600	10,600	10,244	356
Transportation Supplies	32,000	(1,627)	30,373	12,615	17,758
Other Objects	2,750	-	2,750	720	2,030
Total Student Transportation Services	1,181,176	51,298	1,232,474	969,837	262,637

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)					
Unallocated Benefits- Employee Benefits					
Group Insurance	\$ 8,000	\$ 22,211	\$ 30,211	\$ 30,211	-
Social Security Contributions	585,000	30,429	615,429	603,656	\$ 11,773
Other Retirement Contributions - PERS	560,000	8,982	568,982	568,906	76
Other Retirement Contributions - Regular	20,000	-	20,000	15,426	4,574
Unemployment Compensation	45,000	-	45,000	-	45,000
Workmen's Compensation	206,000	(11,609)	194,391	194,257	134
Health Benefits	6,502,463	(109,922)	6,392,541	6,076,740	315,801
Tuition Reimbursement	59,400	-	59,400	37,285	22,115
Other Employee Benefits	171,800	14,908	186,708	181,382	5,326
Unused Sick Payment to Terminated/Retired Staff	38,000	121,070	159,070	79,945	79,125
Total Unallocated Benefits	8,195,663	76,069	8,271,732	7,787,808	483,924
On-Behalf (Non-Budget)					
TPAF Pension Contribution (Non-Budget)	-	-	-	2,737,349	(2,737,349)
TPAF Pension - NCGI Premium (Non-Budget)	-	-	-	57,300	(57,300)
TPAF Post Retirement Medical Contribution (Non-Budget)	-	-	-	1,267,648	(1,267,648)
TPAF Long Term Disability Insurance (Non-Budget)	-	-	-	3,449	(3,449)
TPAF Social Security Reimbursements (Non-Budget)	-	-	-	1,032,984	(1,032,984)
Total On-Behalf	-	-	-	5,098,730	(5,098,730)
Total Undistributed Expenditures	23,011,753	318,888	23,330,641	26,705,568	(3,374,927)
Interest Earned on Maintenance Reserve	275	(275)	-	-	-
Interest Earned on Current Expense Emergency Reserve	675	(675)	-	-	-
Total Current Expenditures	37,649,759	639,608	38,289,367	41,554,187	(3,264,820)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 1-5	31,000	-	31,000	31,000	-
Grades 6-8	11,000	(11,000)	-	-	-
Grades 9-12	59,500	(5,525)	53,975	53,975	-
Undistributed	-	-	-	-	-
Instruction	64,000	26,775	90,775	90,775	-
Admin. Info. Tech.	12,600	6,240	18,840	18,840	-
Required Maintenance for School Facilities	-	45,456	45,456	45,456	-
Custodial Services	-	7,360	7,360	7,360	-
Care and Upkeep of Grounds	40,000	85,052	125,052	125,025	27
Total Equipment	218,100	154,358	372,458	372,431	27
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services	-	-	-	-	-
Assessment for Debt Service on SDA Funding	40,094	-	40,094	40,094	-
Total Facilities Acquisition and Construction Services	40,094	-	40,094	40,094	-
Interest Deposit to Capital Reserve	250	(250)	-	-	-
Assets Acquired Under Capital Lease (Non-Budget)					
Non-Instructional Equipment - School Buses	-	-	-	100,691	(100,691)
Total Capital Outlay	258,444	154,108	412,552	513,216	(100,664)

**NEW MILFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES (Continued)					
Transfer of Funds to Charter Schools	\$ 15,000	\$ 2,528	\$ 17,528	\$ 17,526	\$ 2
Total General Fund	37,923,203	796,244	38,719,447	42,084,929	(3,365,482)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(970,610)	(567,813)	(1,538,423)	911,611	2,450,034
Other Financing Sources (Uses)					
Capital Leases Proceeds				100,691	100,691
Lease Purchase Proceeds				318,835	318,835
Transfers In - Enterprise Funds	-	-	-	4,824	4,824
Transfer Out - Capital Reserve Transfer to Capital Projects Fund	-	(600,000)	(600,000)	(600,000)	-
Total Other Financing Sources (Uses)	-	(600,000)	(600,000)	(175,650)	424,350
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(970,610)	(1,167,813)	(2,138,423)	735,961	2,874,384
Fund Balance, Beginning of Year	4,499,987	-	4,499,987	4,499,987	-
Fund Balance, End of Year	\$ 3,529,377	\$ (1,167,813)	\$ 2,361,564	\$ 5,235,948	\$ 2,874,384
Reconciliation of Governmental Funds Statements (GAAP)					
Restricted Fund Balance					
Capital Reserve				\$ 413,937	
Maintenance Reserve				520,956	
Emergency Reserve				285,874	
Excess Surplus (2020/21 Budget)				1,597,596	
Excess Surplus - Designated for Subsequent Year's Budget (2019/20 Budget)				953,538	
Assigned Fund Balance					
Designated for Subsequent Year's Budget (2019/20 Budget)				100,000	
Year End Encumbrances				68,763	
Unassigned Fund Balance				1,295,284	
Fund Balance- Budgetary Basis				5,235,948	
Less: State Aid Revenue not recognized on GAAP basis				(1,166,063)	
Fund Balance per Governmental Funds Statements (GAAP)				\$ 4,069,885	

**NEW MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 428,886	\$ 79,336	\$ 508,222	\$ 402,573	\$ (105,649)
Federal	817,698	126,409	944,107	810,428	(133,679)
Local Sources	-	42,489	42,489	26,884	(15,605)
Total Revenues	<u>1,246,584</u>	<u>248,234</u>	<u>1,494,818</u>	<u>1,239,885</u>	<u>(254,933)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		214,760	214,760	212,044	2,716
Purchased Professional/Technical Services	307,854	(62,759)	245,095	144,670	100,425
Other Purchased Services	882,009	(658,612)	223,397	191,580	31,817
General Supplies		315,854	315,854	260,249	55,605
Textbooks	33,855	(1,495)	32,360	28,251	4,109
Other Objects	-	17,079	17,079	9,666	7,413
Total Instruction	<u>1,223,718</u>	<u>(175,173)</u>	<u>1,048,545</u>	<u>846,460</u>	<u>202,085</u>
Support Services					
Salaries		24,896	24,896	24,290	606
Salaries of Other Professional Staff	-	70,700	70,700	70,700	-
Purchased Professional/Technical Services		214,242	214,242	194,497	19,745
Other Purchased Services		2,262	2,262	577	1,685
Supplies and Materials	-	47,307	47,307	24,086	23,221
Other Objects	-	3,000	3,000	-	3,000
Indirect Costs	-	-	-	-	-
Total Support Services	<u>-</u>	<u>362,407</u>	<u>362,407</u>	<u>314,150</u>	<u>48,257</u>
Unallocated Benefits					
Employee Benefits	-	79,275	79,275	79,275	-
Facilities Acquisition and Equipment					
Construction Services		3,115	3,115		3,115
Instructional Equipment	22,866	(22,866)			-
Non-Instructional Equipment	-	1,476	1,476	-	1,476
Total Facilities Acquisition and Equipment	<u>22,866</u>	<u>(18,275)</u>	<u>4,591</u>	<u>-</u>	<u>4,591</u>
Total Expenditures	<u>1,246,584</u>	<u>248,234</u>	<u>1,494,818</u>	<u>1,239,885</u>	<u>254,933</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, 2019**

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	(C-1) \$ 42,996,540	(C-2) \$ 1,239,885
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, 2019		(29,692)
Encumbrances June 30, 2018		2,712
State Aid payments not recognized for budgetary purposes, recognized for GAAP statements. 2017/2018 State Aid	981,112	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. 2018/2019 State Aid	<u>(1,166,063)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>42,811,589</u>	(B-2) \$ <u>1,212,905</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 42,084,929	(C-2) \$ 1,239,885
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, 2019		(29,692)
Encumbrances June 30, 2018	<u>-</u>	<u>2,712</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>42,084,929</u>	(B-2) \$ <u>1,212,905</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS 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 Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.05621%	.04963%	.05169%	0.04849%	0.04851%	0.04559%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 11,067,253</u>	<u>\$ 11,554,454</u>	<u>\$ 15,308,376</u>	<u>\$ 10,986,056</u>	<u>\$ 9,084,183</u>	<u>\$ 8,714,770</u>
District's Covered Payroll	<u>\$ 3,741,803</u>	<u>\$ 3,703,403</u>	<u>\$ 3,319,832</u>	<u>\$ 3,404,892</u>	<u>\$ 3,226,012</u>	<u>\$ 3,209,279</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	295.77%	312.00%	461.12%	322.66%	281.59%	271.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	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 Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 559,097	\$ 459,824	\$ 459,185	\$ 420,753	\$ 399,988	\$ 347,694
Contributions in Relation to the Contractually Required Contribution	<u>559,097</u>	<u>459,824</u>	<u>459,185</u>	<u>420,753</u>	<u>399,988</u>	<u>347,694</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	<u>\$ 3,741,803</u>	<u>\$ 3,703,403</u>	<u>\$ 3,319,832</u>	<u>\$ 3,404,892</u>	<u>\$ 3,226,012</u>	<u>\$ 3,209,279</u>
Contributions as a Percentage of Covered Payroll	14.94%	12.42%	13.83%	12.36%	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.

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

Teachers Pension and Annuity Fund

Last Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 83,487,984</u>	<u>\$ 87,478,841</u>	<u>\$ 103,954,407</u>	<u>\$ 80,628,389</u>	<u>\$ 65,249,801</u>	<u>\$ 63,067,602</u>
Total	<u>\$ 83,487,984</u>	<u>\$ 87,478,841</u>	<u>\$ 103,954,407</u>	<u>\$ 80,628,389</u>	<u>\$ 65,249,801</u>	<u>\$ 63,067,602</u>
District's Covered Payroll	<u>\$ 14,509,326</u>	<u>\$ 14,227,154</u>	<u>\$ 13,462,181</u>	<u>\$ 13,137,889</u>	<u>\$ 13,064,513</u>	<u>\$ 12,476,921</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	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, 2019**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and
statutorily required employer contribution are presented in Note 4.

**NEW MILFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 2,723,092	\$ 3,316,095
Interest on Total OPEB Liability	2,290,845	1,955,197
Changes of Benefit Terms		-
Differences Between Expected and Actual Experience	(4,595,442)	-
Changes of Assumptions	(6,276,705)	(8,186,710)
Gross Benefit Payments	(1,462,567)	(1,716,096)
Contribution from the Member	<u>50,549</u>	<u>63,191</u>
Net Change in Total OPEB Liability	(7,270,228)	(4,568,323)
Total OPEB Liability - Beginning	<u>61,966,794</u>	<u>66,535,117</u>
Total OPEB Liability - Ending	<u>54,696,566</u>	<u>61,966,794</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>54,696,566</u>	<u>61,966,794</u>
Total OPEB Liability - Ending	<u>\$ 54,696,566</u>	<u>\$ 61,966,794</u>
District's Covered-Employee Payroll	<u>\$ 18,251,129</u>	<u>\$ 17,930,557</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

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, 2019

	NM Education Foundation	Other Local Grants	Ch. 192 Svcs.			Ch. 193 Svcs.			Total Page 2	Grand Total 2019
			Nonpublic Compensatory Education	Nonpublic ESL	Nonpublic Transport.	Nonpublic Supplemental Instruction	Nonpublic Exam./ Classification.	Nonpublic Corrective Speech		
REVENUES										
Intergovernmental										
State			\$ 93,145	\$ 14,044	\$ 15,810	\$ 27,121	\$ 14,923	\$ 29,462	\$ 208,068	\$ 402,573
Federal									810,428	810,428
Local Sources	\$ 14,598	\$ 12,286	-	-	-	-	-	-	-	26,884
Total Revenues	\$ 14,598	\$ 12,286	\$ 93,145	\$ 14,044	\$ 15,810	\$ 27,121	\$ 14,923	\$ 29,462	\$ 1,018,496	\$ 1,239,885
EXPENDITURES										
Instruction										
Salaries of Teachers		\$ 4,850						\$ 27,694	\$ 179,500	\$ 212,044
Purchased Professional & Technical Services			\$ 93,145	\$ 14,044		\$ 27,121	\$ 10,360		-	144,670
Other Purchased Services					\$ 15,810				175,770	191,580
General Supplies	\$ 14,598	7,148							238,503	260,249
Textbooks									28,251	28,251
Other Objects									9,666	9,666
Total Instruction	14,598	11,998	93,145	14,044	15,810	27,121	10,360	27,694	631,690	846,460
Support Services										
Salaries							4,563	1,768	17,959	24,290
Salaries of Other Professional Staff									70,700	70,700
Personal Services Employee-Benefits									79,275	79,275
Purchased Professional & Technical Services									194,497	194,497
Other Purchased Services		288							289	577
Supplies and Materials									24,086	24,086
Other Objects									-	-
Indirect Costs									-	-
Total Support Services	-	288	-	-	-	-	4,563	1,768	386,806	393,425
Capital Outlay										
Non - Instructional Equipment										
Total Capital Outlay	-	-	-	-	-	-	-	-	-	
Total Expenditures	\$ 14,598	\$ 12,286	\$ 93,145	\$ 14,044	\$ 15,810	\$ 27,121	\$ 14,923	\$ 29,462	\$ 1,018,496	\$ 1,239,885

(Continued)

NEW MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Title I	Title II A	Title III	Title III Immigrant	IDEA Part B-Basic	IDEA Part B Preschool	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Security	Nonpublic Technology	Total
REVENUES											
Intergovernmental											
State							\$ 63,341	\$ 28,251	\$ 97,530	\$ 18,946	\$ 208,068
Federal	\$ 176,921	\$ 31,337	\$ 17,996	\$ 76	\$ 546,798	\$ 37,300					810,428
Local Sources	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 176,921</u>	<u>\$ 31,337</u>	<u>\$ 17,996</u>	<u>\$ 76</u>	<u>\$ 546,798</u>	<u>\$ 37,300</u>	<u>\$ 63,341</u>	<u>\$ 28,251</u>	<u>\$ 97,530</u>	<u>\$ 18,946</u>	<u>\$ 1,018,496</u>
EXPENDITURES											
Instruction											
Salaries of Teachers	\$ 120,000		\$ 2,975		\$ 56,525						\$ 179,500
Purchased Professional & Technical Services							\$ 63,341				-
Other Purchased Services					112,429						175,770
General Supplies	11,321		3,298	\$ 76	80,325	\$ 27,007			\$ 97,530	\$ 18,946	238,503
Textbooks								\$ 28,251			28,251
Other Objects	-	-	-	-	1,480	8,186	-	-	-	-	9,666
Total Instruction	<u>131,321</u>	<u>-</u>	<u>6,273</u>	<u>76</u>	<u>250,759</u>	<u>35,193</u>	<u>63,341</u>	<u>28,251</u>	<u>97,530</u>	<u>18,946</u>	<u>631,690</u>
Support Services											
Salaries	8,400	\$ 760	8,799								17,959
Salaries of Other Professional Staff					70,700						70,700
Personal Services Employee-Benefits	37,200		2,635		39,440						79,275
Purchased Professional & Technical Services		28,465			163,925	2,107					194,497
Other Purchased Services			289								289
Supplies and Materials		2,112			21,974						24,086
Other Objects											-
Indirect Costs	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>45,600</u>	<u>31,337</u>	<u>11,723</u>	<u>-</u>	<u>296,039</u>	<u>2,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,806</u>
Total Expenditures	<u>\$ 176,921</u>	<u>\$ 31,337</u>	<u>\$ 17,996</u>	<u>\$ 76</u>	<u>\$ 546,798</u>	<u>\$ 37,300</u>	<u>\$ 63,341</u>	<u>\$ 28,251</u>	<u>\$ 97,530</u>	<u>\$ 18,946</u>	<u>\$ 1,018,496</u>

**NEW MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**NEW MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

Revenues and Other Financing Sources

Interest	\$ 9,509
Capital Lease Proceeds	2,000,000
Transfer from Capital Reserve	<u>600,000</u>
Total Revenues and Other Financing Sources	<u>2,609,509</u>

Expenditures and Other Financing Uses

Legal Services	4,583
Architect/Engineering Fees	178,951
Construction Services	
Other Objects	<u>41,900</u>
Total Expenditures and Other Financing Uses	<u>225,434</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses 2,384,075

Fund Balance, Beginning of Year -

Fund Balance - End of Year \$ 2,384,075

Reconciliation to GAAP Basis

Fund Balance, June 30, 2019 - Budgetary Basis \$ 2,384,075

Fund Balance, June 30, 2019 - GAAP Basis \$ 2,384,075

**NEW MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
INSTALLATION OF ARTIFICIAL TURF ON FOOTBALL AND SOCCER FIELDS AND
RECONSTRUCTION OF THE TRACK AT THE NEW MILFORD HIGH SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Lease Proceeds		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Transfer from Capital Reserve		600,000	600,000	600,000
Interest	-	9,509	9,509	9,509
		<u> </u>	<u> </u>	<u> </u>
Total Revenues	-	2,609,509	2,609,509	2,609,509
EXPENDITURES AND OTHER FINANCING SOURCES				
Legal Services		4,583	4,583	4,583
Architect/Engineering Fees		178,951	178,951	200,000
Construction Services			-	2,363,026
Other Objects	-	41,900	41,900	41,900
		<u> </u>	<u> </u>	<u> </u>
Total Expenditures and other Financing Sources	-	225,434	225,434	2,609,509
Excess of Revenues over Expenditures	\$ -	\$ 2,384,075	\$ 2,384,075	\$ -

Additional Project Information:

NJ DOE Project Number	N/A
SDA Project Number	N/A
Grant Number	N/A
Grant Notification Date	N/A
Grant Amount	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,600,000
Additional Authorized Cost	<u>9,509</u>
Revised Authorized Cost	<u>\$ 2,609,509</u>

Percentage Increase (Decrease) over Original Authorized

Cost	0.37%
Percentage Completion	8.64%
Original Target Completion Date	6/30/2020
Revised Target Completion Date	6/30/2020

PROPRIETARY FUNDS

NEW MILFORD BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Non-Major Enterprise Funds			<u>Total</u>
	<u>Broadway Kids Summer Program</u>	<u>After School Enrichment Program</u>	<u>Summer Music Program</u>	
ASSETS				
Cash and Cash Equivalents	\$ 10,486	\$ 34,828	\$ 100	\$ 45,414
Total Assets	<u>10,486</u>	<u>34,828</u>	<u>100</u>	<u>45,414</u>
LIABILITIES				
Current Liabilities				
Accounts Payable		712		712
Accrued Salaries and Wages		600		600
Due to Other Funds				-
Unearned Revenue	<u>7,221</u>	<u>-</u>	<u>-</u>	<u>7,221</u>
Total Current Liabilities	<u>7,221</u>	<u>1,312</u>	<u>-</u>	<u>8,533</u>
NET POSITION				
Unrestricted	<u>3,265</u>	<u>33,516</u>	<u>100</u>	<u>36,881</u>
Total Net Position	<u>\$ 3,265</u>	<u>\$ 33,516</u>	<u>\$ 100</u>	<u>\$ 36,881</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, 2019**

	Non-Major Enterprise Funds			Total
	Broadway Kids Summer Program	After School Enrichment Program	Summer Music Program	
OPERATING REVENUES				
Charges for Services Program Fees	\$ 22,737	\$ 17,745	\$ 12,695	\$ 53,177
	<u>22,737</u>	<u>17,745</u>	<u>12,695</u>	<u>53,177</u>
Total Operating Revenues				
OPERATING EXPENSES				
Salaries and Employee Benefits	17,255	11,940	12,550	41,745
Supplies and Materials	4,204	712	-	4,916
	<u>21,459</u>	<u>12,652</u>	<u>12,550</u>	<u>46,661</u>
Total Operating Expenses				
Operating Income	<u>1,278</u>	<u>5,093</u>	<u>145</u>	<u>6,516</u>
NONOPERATING REVENUES				
Interest	<u>106</u>	<u>488</u>	<u>-</u>	<u>594</u>
Total Nonoperating Revenue	<u>106</u>	<u>488</u>	<u>-</u>	<u>594</u>
Change in Net Position Before Transfers	1,384	5,581	145	7,110
Transfers Out	<u>(98)</u>	<u>(449)</u>	<u>-</u>	<u>(547)</u>
Change in Net Position	1,286	5,132	145	6,563
Total Net Position (Deficit), Beginning of Year	<u>1,979</u>	<u>28,384</u>	<u>(45)</u>	<u>30,318</u>
Total Net Position, End of Year	<u>\$ 3,265</u>	<u>\$ 33,516</u>	<u>\$ 100</u>	<u>\$ 36,881</u>

**NEW MILFORD BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Non-Major Enterprise Funds			Total
	Broadway Kids Summer Program	After School Enrichment Program	Sumer Music Program	
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 18,292	\$ 17,745	\$ 12,695	\$ 48,732
Cash Payments for Employees				
Salaries & Benefits	(17,255)	(11,340)	(12,550)	(41,145)
Cash Payments to Suppliers for Goods and Services	(4,204)	-	-	(4,204)
Net Cash Provided/(Used) by Operating Activities	(3,167)	6,405	145	3,383
Cash Flows from Noncapital Financing Activities				
Cash Payments from/(to) Other Funds	(98)	(449)	(45)	(592)
Net Cash Provided/(Used) by Noncapital Financing Activities	(98)	(449)	(45)	(592)
Cash Flows from Investing Activities				
Interest on Investments	106	488	-	594
Net Cash Provided by Investing Activities	106	488	-	594
Net Increase/(Decrease) in Cash and Cash Equivalents	(3,159)	6,444	100	3,385
Cash and Cash Equivalents, Beginning of Year	13,645	28,384	-	42,029
Cash and Cash Equivalents, End of Year	<u>\$ 10,486</u>	<u>\$ 34,828</u>	<u>\$ 100</u>	<u>\$ 45,414</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income/(Loss)	\$ 1,278	\$ 5,093	\$ 145	\$ 6,516
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities				
Increase/(Decrease) in Accounts Payable		712		712
Increase/(Decrease) in Accrued Salaries and Wages		600		600
Increase/(Decrease) in Unearned Revenue	(4,445)	-	-	(4,445)
Total Adjustments	(4,445)	1,312	-	(3,133)
Net Cash Provided (Used) by Operating Activities	<u>\$ (3,167)</u>	<u>\$ 6,405</u>	<u>\$ 145</u>	<u>\$ 3,383</u>

FIDUCIARY FUNDS

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 201,987	\$ 427,581	\$ 629,568
Total Assets	<u>\$ 201,987</u>	<u>\$ 427,581</u>	<u>\$ 629,568</u>
LIABILITIES			
Accrued Salaries and Wages		\$ 473	\$ 473
Payroll Deductions and Withholdings		1,899	1,899
Employee Deposits Payable		423,654	423,654
Due to Other Fund		1,555	1,555
Due to Student Groups	<u>\$ 201,987</u>	<u>-</u>	<u>201,987</u>
Total Liabilities	<u>\$ 201,987</u>	<u>\$ 427,581</u>	<u>\$ 629,568</u>

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

	Balance, July 1, <u>2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, June 30, <u>2019</u>
GIBBS SCHOOL	\$ 22,207	\$ 3,432	\$ 1,578	\$ 24,061
BERKLEY SCHOOL	8,689	5,721	7,196	7,214
FIELD TRIPS	961	11,157	11,984	134
MIDDLE SCHOOL	35,674	69,521	68,495	36,700
HIGH SCHOOL				
Activity Account	108,091	440,248	434,072	114,267
Athletic Account	<u>28,476</u>	<u>38,658</u>	<u>47,523</u>	<u>19,611</u>
 Total All Schools	 <u>\$ 204,098</u>	 <u>\$ 568,737</u>	 <u>\$ 570,848</u>	 <u>\$ 201,987</u>

**NEW MILFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance, July 1, <u>2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, June 30, <u>2019</u>
ASSETS				
Cash	\$ 396,349	\$ 24,780,658	\$ 24,749,426	\$ 427,581
Total Assets	<u>\$ 396,349</u>	<u>\$ 24,780,658</u>	<u>\$ 24,749,426</u>	<u>\$ 427,581</u>
LIABILITIES				
Accrued Salaries and Wages	\$ 473	\$ 13,906,358	\$ 13,906,358	\$ 473
Payroll Deductions and Withholdings	165	10,446,468	10,444,734	1,899
Employee Deposits Payable	395,533	424,020	395,899	423,654
Due to Other Funds	<u>178</u>	<u>3,812</u>	<u>2,435</u>	<u>1,555</u>
Total Liabilities	<u>\$ 396,349</u>	<u>\$ 24,780,658</u>	<u>\$ 24,749,426</u>	<u>\$ 427,581</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, 2019**

<u>Capital Leases</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
2015 54 Passenger School Bus	2.38%	\$ 97,365	\$ 21,652		\$ 21,652	\$ -
Kubota Backhoe Loader	0.00%	49,911	27,652		7,219	20,433
2016 31 Passenger School Bus	2.30%	50,487	10,470		10,470	-
2017 49 Passenger School Bus	2.20%	100,293	60,156		19,617	40,539
2017 Acquisition of Office Furniture and Equipment	0.00%	70,512	30,256		30,256	-
2017 Server Acquisition	0.35%	104,351	34,753		34,753	
2019 28 Passenger School Bus	3.70%	100,691		\$ 100,691		100,691
High School Field Renovations	2.73%	2,000,000	-	2,000,000	-	2,000,000
Total Capital Leases			<u>\$ 184,939</u>	<u>\$ 2,100,691</u>	<u>\$ 123,967</u>	<u>\$ 2,161,663</u>
					<u>\$ 123,967</u>	
Paid by Budget Appropriation						
						<u>\$ 123,967</u>
<u>Lease Purchase Agreements</u>						
Purchase of Chromebook Laptops and Supplies	3.87%	318,835	\$ -	\$ 318,835	\$ 110,336	\$ 208,499
Total Lease Purchase Agreements			<u>\$ -</u>	<u>\$ 318,835</u>	<u>\$ 110,336</u>	<u>\$ 208,499</u>
Paid by Budget Appropriation						<u>\$ 110,336</u>

**NEW MILFORD BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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	\$ 477,900	-	\$ 477,900	\$ 477,900	\$ -
Total Revenues	<u>477,900</u>	<u>-</u>	<u>477,900</u>	<u>477,900</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	435,000		435,000	435,000	
Interest on Bonds	42,900	-	42,900	42,900	-
Total Expenditures	<u>477,900</u>	<u>-</u>	<u>477,900</u>	<u>477,900</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year Ended June 30,									
	2010	2011 (Restated)	2012 (Restated)	2013	2014 (Restated)	2015	2016 (Restated)	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 16,637,735	\$ 16,835,791	\$ 17,328,221	\$ 17,617,446	\$ 17,962,388	\$ 20,009,921	\$ 18,664,347	\$ 19,259,075	\$ 18,933,504	\$ 19,374,289
Restricted	1,003,566	1,612,894	1,591,439	1,807,108	2,070,989	852,217	547,609	405,594	930,816	1,318,968
Unrestricted	312,264	1,149,166	1,994,416	2,512,336	(6,600,279)	(7,113,835)	(7,111,050)	(8,603,737)	(8,832,036)	(8,977,492)
Total Governmental Activities Net Position	<u>\$ 17,953,565</u>	<u>\$ 19,597,851</u>	<u>\$ 20,914,076</u>	<u>\$ 21,936,890</u>	<u>\$ 13,433,098</u>	<u>\$ 13,748,303</u>	<u>\$ 12,100,906</u>	<u>\$ 11,060,932</u>	<u>\$ 11,032,284</u>	<u>\$ 11,715,765</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 98,757	\$ 91,207	\$ 83,657	\$ 89,469	\$ 86,190	\$ 87,431	\$ 73,037	\$ 114,265	\$ 114,669	\$ 98,325
Restricted										
Unrestricted	324,040	410,103	463,927	499,795	570,601	568,752	536,454	464,276	408,289	475,140
Total Business-Type Activities Net Position	<u>\$ 422,797</u>	<u>\$ 501,310</u>	<u>\$ 547,584</u>	<u>\$ 589,264</u>	<u>\$ 656,791</u>	<u>\$ 656,183</u>	<u>\$ 609,491</u>	<u>\$ 578,541</u>	<u>\$ 522,958</u>	<u>\$ 573,465</u>
District-Wide										
Net Investment in Capital Assets	\$ 16,736,492	\$ 16,926,998	\$ 17,411,878	\$ 17,706,915	\$ 18,048,578	\$ 20,097,352	\$ 18,737,384	\$ 19,373,340	\$ 19,048,173	\$ 19,472,614
Restricted	1,003,566	1,612,894	1,591,439	1,807,108	2,070,989	852,217	547,609	405,594	930,816	1,318,968
Unrestricted	636,304	1,559,269	2,458,343	3,012,131	(6,029,678)	(6,545,083)	(6,574,596)	(8,139,461)	(8,423,747)	(8,502,352)
Total District Net Position	<u>\$ 18,376,362</u>	<u>\$ 20,099,161</u>	<u>\$ 21,461,660</u>	<u>\$ 22,526,154</u>	<u>\$ 14,089,889</u>	<u>\$ 14,404,486</u>	<u>\$ 12,710,397</u>	<u>\$ 11,639,473</u>	<u>\$ 11,555,242</u>	<u>\$ 12,289,230</u>

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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 12,015,579	\$ 11,559,201	\$ 12,208,712	\$ 12,892,419	\$ 13,219,329	\$ 16,008,564	\$ 16,374,576	\$ 17,780,774	\$ 18,898,048	\$ 18,874,564
Special Education	5,695,645	5,497,116	5,238,766	5,662,426	5,377,054	6,070,665	6,604,863	7,991,141	7,864,426	7,300,624
Other Instruction	293,040	306,805	409,371	292,546	417,445	504,294	580,206	703,985	756,966	706,321
School Sponsored Activities and Athletics	804,498	778,712	865,317	1,024,342	991,372	1,090,855	1,197,498	1,441,874	1,478,110	1,469,545
Support Services:										
Student & Instruction Related Services	4,391,407	4,114,083	4,468,086	4,651,601	5,021,956	6,151,420	6,056,812	6,835,530	7,020,879	7,097,604
General Administration Services	703,105	824,124	853,216	881,409	871,600	1,240,434	987,168	1,103,769	1,123,555	1,030,992
School Administrative Services	1,864,842	1,850,285	2,007,054	2,111,934	2,285,356	2,637,528	3,044,203	3,700,220	3,789,228	3,468,940
Central and Other Support Services	776,411	840,299	927,914	1,065,034	1,122,455	1,142,404	1,119,086	1,264,781	1,553,406	1,452,418
Plant Operations and Maintenance	4,069,459	3,971,247	3,979,209	4,162,099	4,693,242	4,576,492	4,842,898	5,055,523	5,443,789	5,326,676
Pupil Transportation	844,057	865,280	907,675	977,399	1,001,579	1,028,715	1,174,887	1,223,166	1,183,655	1,232,239
Interest On Long-Term Debt	176,275	158,376	145,533	129,936	112,175	98,437	84,856	68,297	46,488	35,955
Total Governmental Activities Expenses	31,634,318	30,765,528	32,010,853	33,851,145	35,113,563	40,549,808	42,067,053	47,169,060	49,158,550	47,995,878
Business-Type Activities:										
Food Service	676,803	640,819	645,761	658,157	667,601	688,173	758,581	753,051	888,859	764,959
Knight Care Latch Key Program	272,386	286,257	301,876	348,778	382,395	404,012	470,431	440,947	365,999	387,794
Broadway Kids Summer Enrichment Program		6,685	11,472	14,982	18,795	18,407	17,080	19,181	24,458	21,459
After School Enrichment Program			14,445	5,718	17,588	13,062	6,181	10,747	11,107	12,652
Summer Music Program									13,680	12,550
Total Business-Type Activities Expense	949,189	933,761	973,554	1,027,635	1,086,379	1,123,654	1,252,273	1,223,926	1,304,103	1,199,414
Total District Expenses	\$ 32,583,507	\$ 31,699,289	\$ 32,984,407	\$ 34,878,780	\$ 36,199,942	\$ 41,673,462	\$ 43,319,326	\$ 48,392,986	\$ 50,462,653	\$ 49,195,292
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Education									\$ 6,721	\$ 47,070
Special Education	\$ 67,608	\$ 1,400	\$ 95,327	\$ 96,987	\$ 175,006	\$ 348,161	\$ 396,222	\$ 460,111	729,067	988,020
Pupil Transportation	6,726	14,103	11,430	22,681	23,837	31,003	14,005	50,308	21,786	21,325
Operating Grants And Contributions	5,402,818	4,601,143	4,990,653	5,802,463	5,406,842	9,297,379	10,267,657	13,123,587	14,947,976	12,883,561
Capital Grants And Contributions	259,062	80,991		7,952	77,215	798,271	-	63,532	13,145	242,099
Total Governmental Activities Program Revenues	5,736,214	4,697,637	5,097,410	5,930,083	5,682,900	10,474,814	10,677,884	13,697,538	15,718,695	14,182,075
Business-Type Activities:										
Charges For Services:										
Food Service	537,720	542,826	516,655	512,723	549,519	548,960	611,632	605,142	617,570	603,824
Knight Care Latch Key Program	300,427	317,699	318,530	358,421	377,202	368,789	369,270	348,163	384,851	394,999
Broadway Kids Summer Enrichment Prgm			12,525	15,790	17,952	17,799	18,875	20,343	23,102	22,737
After School Enrichment Program		6,640	18,010	9,030	24,240	15,400	9,770	13,545	12,440	17,745
Summer Music Program									13,635	12,695
Operating Grants And Contributions	128,535	144,535	148,648	172,751	184,209	171,149	194,753	204,233	195,703	195,791
Capital Grants And Contributions										
Total Business Type Activities Program Revenues	966,682	1,011,700	1,014,368	1,068,715	1,153,122	1,122,097	1,204,300	1,191,426	1,247,301	1,247,791
Total District Program Revenues	\$ 6,702,896	\$ 5,709,337	\$ 6,111,778	\$ 6,998,798	\$ 6,836,022	\$ 11,596,911	\$ 11,882,184	\$ 14,888,964	\$ 16,965,996	\$ 15,429,866
Net (Expense)/Revenue										
Governmental Activities	\$ (25,898,104)	\$ (26,067,891)	\$ (26,913,443)	\$ (27,921,062)	\$ (29,430,663)	\$ (30,074,994)	\$ (31,389,169)	\$ (33,471,522)	\$ (33,439,855)	\$ (33,813,803)
Business-Type Activities	17,493	77,939	40,814	41,080	66,743	(1,557)	(47,973)	(32,500)	(56,802)	48,377
Total District-Wide Net Expense	\$ (25,880,611)	\$ (25,989,952)	\$ (26,872,629)	\$ (27,879,982)	\$ (29,363,920)	\$ (30,076,551)	\$ (31,437,142)	\$ (33,504,022)	\$ (33,496,657)	\$ (33,765,426)

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes	\$ 25,565,634	\$ 26,912,223	\$ 27,423,555	\$ 27,972,026	\$ 28,580,617	\$ 29,412,229	\$ 30,557,436	\$ 31,437,772	\$ 32,368,991	\$ 33,492,415
Property Taxes Levied For Debt Service	543,250	520,050	488,862	521,650	524,500	523,725	530,300	517,800	495,300	477,900
State Aid, Unrestricted	328,720	21,712	238,062	340,942	323,248	363,388	365,248	370,650	440,266	389,442
Investment Earnings	31,999	33,424	14,749	17,419	18,622	20,577	21,585	23,979	26,470	86,897
Miscellaneous Income	141,219	282,365	69,196	91,839	194,654	70,280	67,882	79,866	78,592	45,806
Transfers			(4,756)				1,969	1,481	1,588	4,824
Total Governmental Activities	26,610,822	27,769,774	28,229,668	28,943,876	29,641,641	30,390,199	31,544,420	32,431,548	33,411,207	34,497,284
Business-Type Activities:										
Investment Earnings	\$ 697	\$ 574	\$ 704	\$ 600	\$ 784	\$ 949	\$ 3,250	\$ 3,031	\$ 2,807	\$ 6,954
Transfers	-	-	4,756				(1,969)	(1,481)	(1,588)	(4,824)
Total Business-Type Activities	697	574	5,460	600	784	949	1,281	1,550	1,219	2,130
Total District-Wide	\$ 26,611,519	\$ 27,770,348	\$ 28,235,128	\$ 28,944,476	\$ 29,642,425	\$ 30,391,148	\$ 31,545,701	\$ 32,433,098	\$ 33,412,426	\$ 34,499,414
Change In Net Position										
Governmental Activities	\$ 712,718	\$ 1,701,883	\$ 1,316,225	\$ 1,022,814	\$ 210,978	\$ 315,205	\$ 155,251	\$ (1,039,974)	\$ (28,648)	\$ 683,481
Business-Type Activities	18,190	78,513	46,274	41,680	67,527	(608)	(46,692)	(30,950)	(55,583)	50,507
Total District	\$ 730,908	\$ 1,780,396	\$ 1,362,499	\$ 1,064,494	\$ 278,505	\$ 314,597	\$ 108,559	\$ (1,070,924)	\$ (84,231)	\$ 733,988

Source: District's financial statements

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

	2010	2011	2012	2013	Fiscal Year Ended June 30,		2016	2017	2018	2019
					2014	2015				
General Fund										
Reserved	\$ 1,488,108									
Unreserved	82,425									
Restricted		\$ 2,184,708	\$ 3,441,061	\$ 4,246,461	\$ 4,167,204	\$ 2,405,943	\$ 2,109,441	\$ 2,424,438	\$ 3,040,838	\$ 3,771,901
Committed		327,900			27,500		305,410	29,350	31,250	
Assigned		267,173	323,683	440,610	408,683	164,812	250,606	122,209	291,455	168,763
Unassigned		203,491	104,153	73,923	69,119	112,083	114,367	145,093	155,332	129,221
Total General Fund	\$ 1,570,533	\$ 2,983,272	\$ 3,868,897	\$ 4,760,994	\$ 4,672,506	\$ 2,682,838	\$ 2,779,824	\$ 2,721,090	\$ 3,518,875	\$ 4,069,885
All Other Governmental Funds										
Reserved										
Unreserved	\$ 82,899									
Restricted		\$ 85,122	\$ 52,834	\$ 5,650	\$ 5,650	\$ 464,869	\$ 417,416			\$ 2,384,075
Unassigned					(101,785)	-	-	-	-	-
Total All Other Governmental Funds	\$ 82,899	\$ 85,122	\$ 52,834	\$ 5,650	\$ (96,135)	\$ 464,869	\$ 417,416	\$ -	\$ -	\$ 2,384,075

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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property Tax Levy	\$ 26,108,884	\$ 27,432,273	\$ 27,912,417	\$ 28,493,676	\$ 29,105,117	\$ 29,935,954	\$ 31,087,736	\$ 31,955,572	\$ 32,864,291	\$ 33,970,315
Tuition Charges	67,608	1,400	95,327	96,987	175,006	348,161	396,222	460,111	735,788	1,035,090
Transportation Fees	6,726	14,103	11,430	22,681	23,837	31,003	14,005	50,308	21,786	21,325
Interest Earnings	31,999	33,424	14,749	17,419	18,622	20,577	21,585	23,979	26,470	86,897
Miscellaneous	148,719	289,865	76,896	100,190	203,154	93,272	99,518	107,768	118,231	71,190
State Sources	4,824,655	3,665,601	4,448,026	5,369,250	5,013,002	6,191,925	5,929,987	6,318,996	7,423,035	8,530,150
Federal Sources	1,145,800	996,985	772,989	765,804	776,445	723,262	806,205	859,521	723,504	796,936
Total Revenue	32,334,391	32,433,651	33,331,834	34,866,007	35,315,183	37,344,154	38,355,258	39,776,255	41,913,105	44,511,903
Expenditures										
Instruction										
Regular Instruction	11,990,404	11,560,991	12,136,986	12,822,033	13,204,131	13,830,346	14,046,403	14,271,922	15,327,826	16,848,560
Special Education Instruction	5,683,701	5,504,110	5,228,562	5,659,737	5,375,800	5,608,445	6,065,636	6,901,456	6,780,102	6,698,391
Other Instruction	293,040	306,805	409,371	292,546	417,445	437,067	521,826	560,710	605,970	625,451
School Sponsored Activities And Athletics	801,972	776,169	862,816	1,021,726	988,729	1,072,133	1,134,459	1,185,135	1,220,107	1,317,189
Community Services										
Support Services:										
Student & Inst. Related Services	4,398,833	4,118,330	4,457,732	4,600,206	5,026,197	5,585,808	5,385,421	5,728,139	5,842,588	6,370,348
General Administration	728,804	815,071	832,704	881,326	885,530	1,153,479	928,460	972,996	985,583	957,026
School Administrative Services	1,840,202	1,843,779	2,014,296	2,090,071	2,277,216	2,309,082	2,631,224	2,951,974	3,061,723	3,058,175
Central and Other Support Services	724,482	803,498	885,538	1,007,401	1,092,851	1,052,279	1,003,752	1,023,690	1,213,495	1,258,037
Plant Operations And Maintenance	3,663,025	3,544,301	3,552,439	3,716,527	4,109,096	4,107,545	4,181,215	4,064,948	4,245,389	4,355,195
Pupil Transportation	815,313	809,375	883,696	947,630	971,494	968,408	1,114,732	1,113,337	1,045,392	1,098,112
Capital Outlay	757,372	346,411	732,731	404,726	611,389	2,613,175	527,431	954,241	165,541	698,556
Debt Service:										
Principal	488,564	404,707	408,033	422,044	409,400	635,057	656,547	714,464	556,054	669,303
Interest And Other Charges	155,297	185,142	168,632	155,121	136,178	116,260	110,588	86,030	67,138	46,825
Payment to Escrow Agent										
Cost of Issuance										
Total Expenditures	32,341,009	31,018,689	32,573,536	34,021,094	35,505,456	39,489,084	38,307,694	40,529,042	41,116,908	44,001,168
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(6,618)	1,414,962	758,298	844,913	(190,273)	(2,144,930)	47,564	(752,787)	796,197	510,735
Other Financing Sources (Uses)										
Capital Leases & Lease Purchase Agreements			99,795			716,266		275,156		2,419,526
Transfers In	4,925	48	14	52,834	-	1,750,042	1,969	418,897	1,588	604,824
Transfers Out	(4,925)	(48)	(4,770)	(52,834)	-	(1,750,042)		(417,416)	-	(600,000)
Total Other Financing Sources (Uses)	-	-	95,039	-	-	716,266	1,969	276,637	1,588	2,424,350
Net Change In Fund Balances	\$ (6,618)	\$ 1,414,962	\$ 853,337	\$ 844,913	\$ (190,273)	\$ (1,428,664)	\$ 49,533	\$ (476,150)	\$ 797,785	\$ 2,935,085
Debt Service As A Percentage Of										
Noncapital Expenditures	2.04%	1.92%	1.81%	1.72%	1.56%	2.04%	2.03%	2.02%	1.52%	1.65%

* 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)

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest</u>	<u>Rentals</u>	<u>Book Fine / Student Obligations</u>	<u>Transportation Fees</u>	<u>Enrichment Academy Fees</u>	<u>Insurance Proceeds/ FEMA</u>	<u>E-Rate</u>	<u>Student Activity Fees</u>	<u>Cancellation of Prior Year Payables</u>	<u>Refund Prior Year Expenditures</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2016	396,222	21,585	10,503		14,005				32,565		-	24,814	499,694
2017	460,111	23,979	7,800		50,308				29,725		-	42,341	614,264
2018	735,788	26,470	12,100		21,786				29,615		-	36,877	862,636
2019	1,035,090	77,388	3,000		21,325				28,435			14,371	1,179,609

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
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
2016	2,574,300	1,359,100,000	-	-	79,168,400	3,292,300	134,224,400	1,578,359,400	988,151	1,579,347,551	1,835,425,401	1.997
2017	2,682,100	1,361,616,100	-	-	79,246,000	3,292,300	134,120,700	1,580,957,200	989,486	1,581,946,686	1,831,663,912	2.049
2018	2,610,800	1,360,700,600	-	-	76,545,300	3,892,300	133,120,700	1,576,869,700	977,593	1,577,847,293	1,834,707,153	2.118
2019	2,610,800	1,364,391,600	-	-	73,240,800	3,892,300	133,120,700	1,577,256,200	942,559	1,578,198,759	1,910,314,587	2.178

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		
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
2016	1.997	1.039	0.286		3.322
2017	2.049	1.035	0.296		3.380
2018	2.118	1.047	0.285		3.450
2019	2.178	1.070	0.295		3.543

Source: Tax Duplicate, Borough of New Milford

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

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Brookchester LLC	\$ 14,119,400	0.89%		
Brookchester LLC	13,749,400	0.87%		
Bal Bay Realty, LTD	12,585,400	0.80%	\$ 42,157,500	2.15%
Bal Bay Realty, LTD	10,962,500	0.69%		
New Meditrust Co LLC % Woodcrest Hcc	10,509,000	0.67%	14,250,400	0.73%
NM Village LLC% Affiliated Mgmt Inc	10,462,000	0.66%	24,000,000	1.22%
NM Village LLC% Affiliated Mgmt Inc	10,330,400	0.65%		
Bal Bay Realty, LTD	8,991,900	0.57%		
Brookchester LLC	8,614,600	0.55%	5,895,600	0.30%
Milford Arms, Inc	8,366,400	0.53%	9,822,100	0.50%
Individual Taxpayer			33,940,700	1.73%
Dorchester Manor			15,209,900	0.77%
Inserra Associates			6,659,600	0.34%
Canterbury Village			4,738,600	0.24%
730 River Rd Propr c/o Curtis Corp			3,703,300	0.19%
Total	\$ 108,691,000	6.89%	\$ 160,377,700	8.17%

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	
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%	
2016	31,087,736	31,087,736	100.00%	
2017	31,955,572	31,955,572	100.00%	
2018	32,864,291	32,864,291	100.00%	
2019	33,970,315	33,970,315	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			
2010	\$ 4,470,000	\$ 129,835		\$ 4,599,835	16,362	\$ 281
2011	4,130,000	65,128		4,195,128	16,449	255
2012	3,775,000	111,890		3,886,890	16,497	236
2013	3,405,000	59,846		3,464,846	16,534	210
2014	3,015,000	40,446		3,055,446	16,540	185
2015	2,600,000	423,931	\$ 102,917	3,126,848	16,597	188
2016	2,165,000	252,438	52,863	2,470,301	16,579	149
2017	1,725,000	305,993		2,030,993	16,607	122
2018	1,290,000	184,939		1,474,939	16,558	89
2019	855,000	2,161,663	208,499	3,225,162	16,558 *	195

Source: District Records

*Estimated

**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
2010	\$ 4,470,000		\$ 4,470,000	0.23%	\$ 273
2011	4,130,000		4,130,000	0.21%	251
2012	3,775,000		3,775,000	0.19%	229
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%	157
2016	2,165,000		2,165,000	0.14%	131
2017	1,725,000		1,725,000	0.11%	104
2018	1,290,000		1,290,000	0.08%	78
2019	855,000		855,000	0.05%	52

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, 2018
(Unaudited)**

<u>Governmental Unit</u>	<u>Total Debt</u>
Municipal Debt: (1)	
New Milford Board of Education (June 30, 2019)	\$ 855,000
Borough of New Milford	20,913,198
Overlapping Debt Apportioned to the Municipality	
Bergen County: (2) and (3)	
County of Bergen (A)	14,846,590
Bergen County Utilities Authority - Waste Water (B)	<u>3,497,479</u>
Total direct and overlapping debt	<u><u>\$ 40,112,267</u></u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2018 equalized value by the total 2018 equalized value for Bergen County
- (B) Overlapping Debt was computed based upon municipal flow to the Authority

Sources:

- (1) Borough of New Milford 2018 Annual Debt Statement
- (2) BCUA 2018 Audit
- (3) Bergen County 2018 Annual Debt Statement

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

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis
	2016 \$ 1,825,114,940
	2017 1,835,973,987
	2018 1,902,823,338
	<u>\$ 5,563,912,265</u>
	<u>\$ 1,854,637,422</u>
Debt limit (4 % of average equalization value)	\$ 74,185,497
Total Net Debt Applicable to Limit	<u>855,000</u>
Legal debt margin	<u>\$ 73,330,497</u>

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt limit	\$ 84,022,475	\$ 82,116,793	\$ 79,377,779	\$ 76,314,895	\$ 73,109,948	\$ 70,976,454	\$ 71,104,773	\$72,306,008	\$ 73,101,215	\$ 74,185,497
Total net debt applicable to limit	<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>	<u>2,165,000</u>	<u>1,725,000</u>	<u>1,290,000</u>	<u>855,000</u>
Legal debt margin	<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>	<u>\$ 68,939,773</u>	<u>\$70,581,008</u>	<u>\$ 71,811,215</u>	<u>\$ 73,330,497</u>
Total net debt applicable to the limit as a percentage of debt limit	5.32%	5.03%	4.76%	4.46%	4.12%	3.66%	3.04%	2.39%	1.76%	1.15%

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)**

Year Ended December 31,	Population	County Per Capita Personal Income	Unemployment Rate	
2010	16,362	\$ 65,992	8.2%	
2011	16,449	68,865	8.1%	
2012	16,497	71,789	8.2%	
2013	16,534	71,100	6.1%	
2014	16,540	73,637	6.8%	
2015	16,597	76,821	4.4%	
2016	16,579	77,901	4.2%	
2017	16,607	81,203	3.7%	
2018	16,558	N/A	3.4%	
2019	N/A	N/A	3.4%	*

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

*Estimated

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

Employer	2019		2010	
	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 TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	126	113	120	122	125	123.5	128.8	128.8	120.5	124.2
Special education	19	21	22	23	23	22.5	26.4	27.7	31.3	34.0
Other instruction	32	36	42	49	55	52.2	65.6	73.4	73.2	71.2
Support Services:										
Tuition										
Student & instruction related services	31	26	37	37	29	29.6	37.7	39.0	36.6	36.6
General administrative services	5	4	4	4	4	4.4	5.4	6.4	8.8	8.8
School administrative services	24	20	17	16	20	23.5	19.7	22.1	19.9	19.5
Business administrative services	7	6	8	9	9	9.0	9.0	9.0	9.0	6.0
Plant operations and maintenance	35	32	32	26	30	30.5	33.3	19.6	28.5	28.5
Pupil transportation	8	9	6	6	8	7.1	7.3	10.6	5.0	5.0
Child Care	<u>22</u>	<u>23</u>	<u>21</u>	<u>24</u>	<u>32</u>	<u>33.0</u>	<u>46.0</u>	<u>30.0</u>	<u>46.0</u>	<u>46.0</u>
Total	<u>309</u>	<u>290</u>	<u>309</u>	<u>316</u>	<u>335</u>	<u>335.3</u>	<u>379.2</u>	<u>366.6</u>	<u>378.7</u>	<u>379.8</u>

Source: District Records

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

Fiscal Year	Enrollment a	Operating Expenditures b	Cost Per Pupil c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Senior High School				
2010	2,101	\$ 30,939,776	\$ 14,726	7.40%	177	24:01	23:01	2,129	2,052	7.58%	96.38%
2011	2,131	30,082,429	14,117	-4.14%	170	24:01	20:01	2,131	2,058	0.09%	96.57%
2012	2,048	31,264,140	15,266	8.14%	184	22:01	20:01	2,048	1,990	-3.89%	97.17%
2013	2,066	33,039,203	15,992	4.76%	194	21:01	20:01	2,066	2,000	0.88%	96.81%
2014	2,034	34,348,489	16,887	5.60%	148	19:01	17:01	2,014	1,954	-2.52%	97.02%
2015	1,998	36,124,592	18,080	7.07%	146	18:01	17:01	1,979	1,919	-1.74%	96.97%
2016	2,000	37,013,128	18,507	2.36%	155	18:01	19:01	1,997	1,937	0.91%	97.00%
2017	1,997	38,774,307	19,416	4.92%	157	19:01	18:01	1,962	1,898	-1.75%	96.74%
2018	1,993	40,328,175	20,235	4.22%	152	18:40	18:00	1,990	1,929	1.43%	96.93%
2019	2,036	42,586,484	20,917	3.37%	206	19:01	14:01	2,001	1,935	0.55%	96.70%

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>District Building</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	49,438
Capacity (students)	410	410	410	410	410	410	410	410	410	410
Enrollment	413	413	419	457	459	453	436	424	425	463
B.F. Gibbs School										
Square Feet	48,435	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	519
Enrollment	524	524	499	479	449	456	474	465	458	495
<u>Middle School</u>										
David E. Owens Middle School										
Square Feet	80,193	80,196	80,193	80,193	80,193	80,193	80,193	80,193	80,193	80,193
Capacity (students)	496	496	496	496	496	496	496	496	496	496
Enrollment	498	501	503	487	481	445	453	449	523	464
<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	139,920
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	691	691	647	643	645	631	648	618	590	585
Number of Schools at June 30, 2019										
Elementary = 2										
Middle School = 1										
High School = 1										

Source: District records

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

<u>School Facilities</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Berkley Street Elementary	\$ 73,614	\$ 92,398	\$ 108,437	\$ 95,915	\$ 133,231	\$ 100,020	\$ 109,200	\$ 42,929	\$ 113,993	\$ 97,642
B. F. Gibbs Elementary	63,672	62,814	77,706	57,800	98,284	87,155	98,936	94,738	109,976	95,661
David E. Owens Middle School	163,587	168,070	142,070	99,039	233,322	174,255	266,628	222,760	181,264	158,385
New Milford High School	<u>226,591</u>	<u>254,586</u>	<u>291,624</u>	<u>348,624</u>	<u>348,407</u>	<u>283,826</u>	<u>378,179</u>	<u>252,546</u>	<u>313,670</u>	<u>276,348</u>
Total School Facilities	<u>\$ 527,464</u>	<u>\$ 577,868</u>	<u>\$ 619,837</u>	<u>\$ 601,378</u>	<u>\$ 813,244</u>	<u>\$ 645,256</u>	<u>\$ 852,943</u>	<u>\$ 612,973</u>	<u>\$ 718,903</u>	<u>\$ 628,036</u>

**NEW MILFORD BOARD OF EDUCATION
INSURANCE SCHEDULE
AS OF JUNE 30, 2019
(Unaudited)**

	Coverage	Deductible
School Package Policy		
Spec. Multi Peril w/ Auto (1)	\$ 71,505,872	\$ 5,000
Pollution Liability (1a)	4,000,000	15,000
School Board E & O (1c)	1,000,000	
Excess Workers Compensation (1d)	1,000,000	
Comm. Umbrella Excess (1)	9,000,000	
Comm. Umbrella Excess (1f)	50,000,000	
Public Employee Dishonest Per Employee (Primary)	100,000	5,000
Per Loss (Excess)	500,000	10,000
Student Accident Insurance (2)	500,000 per accident	
Cyber Liability		
Third Party Coverages	2,000,000	1,500
First Party Coverages	1,000,000	25,000
Data Breach Response and Crisis Management Coverage	1,000,000	25,000
Surety Bonds (3)		
Treasurer	250,000	
Board Secretary/School Business Administrator	100,000	
<p>(1) Great American Insurance Company (1a) Chubb/Ace American (1b) Selective Insurance Co of America (1c) Greenwich Insurance Company (1d) Safety National (1e) American Alternatives Insurance Co (1f) Fireman's Fund Insurance Co</p> <p>(2) Gerber Life Insurance Co (3) Ohio Casualty</p>		

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
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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
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, 2019 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 November 26, 2019

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

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 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 and which are described in the schedule of findings and questioned costs as items 2019-001 and 2019-002.

We also 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 November 26, 2019


New Milford Board of Education’s Responses to Findings

The New Milford Board of Education’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The New Milford Board of Education’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 26, 2019



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE U.S. UNIFORM GUIDANCE 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 Education
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) 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 New Milford Board of Education's major federal and state programs for the fiscal year ended June 30, 2019. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance 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; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as item 2019-003 and 2019-004. Our opinion on each major federal and state program is not modified with respect to these matters.

The New Milford Board of Education's response to the noncompliance findings 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 the U.S. Uniform Guidance 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.

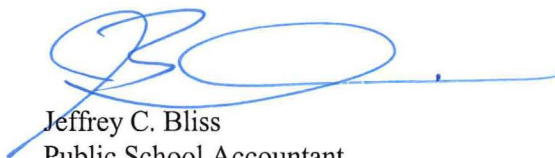
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

Report on Schedules of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the New Milford Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 26, 2019, 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 the U.S. Uniform Guidance 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

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 26, 2019

NEW MILFORD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Project Period	Award Amount	Balance, June 30, 2018	Unearned Revenue Carryover Amount	Account Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments (1)	Funds Released		Balance, June 30, 2019		Due to Grantor	Memo GAAP Receivable
											Accounts Receivable	Unearned Revenue	(Accounts Receivable)	Unearned Revenue/		
U.S. Department of Agriculture Passed-Through State Department of Education:																
National School Lunch Program	10.555															
Non-Cash Assistance		191NJ304N1099	7/1/18-6/30/19	\$ 42,220			\$ 42,220	\$ 39,987					\$ 2,233			
Cash Assistance		191NJ304N1099	7/1/18-6/30/19	149,365			139,966	149,365				\$ (9,399)				\$ (9,399)
Cash Assistance		181NJ304N1099	7/1/17-6/30/18	144,857	\$ (10,289)		10,289									
National School Breakfast Program	10.553	181NJ304N1099	7/1/17-6/30/18	432	(9)		9									
Total Child Nutrition Cluster / Enterprise Fund					(10,298)			192,484	189,352				(9,399)	2,233		(9,399)
U.S. Department of Education Passed-Through State Department of Education:																
General Fund																
Medical Assistance Program	93.778	1905NJ5MAP	7/1/18-6/30/19	11,988			11,988	11,988								
Total General Fund								11,988	11,988							
Special Revenue Fund																
Title I	84.010A	S010A180030	7/1/18 - 6/30/19	168,870		\$ (12,088)	\$ 12,088	85,186	176,921				(95,772)	\$ 4,037		(91,735)
Title I	84.010A	S010A170030	7/1/17 - 6/30/18	168,114	(61,436)	12,088	(12,088)	61,436								
Title II - Part A	84.367A	S367A180029	7/1/18 - 6/30/19	42,396		(4,484)	4,484	20,979	31,337				(25,901)	15,543		(10,358)
Title II - Part A	84.367A	S367A170029	7/1/17 - 6/30/18	41,402	(7,626)	4,484	(4,484)	7,626								
Title III	84.365A	S365A180030	7/1/18 - 6/30/19	22,588		(1,914)	1,914	6,753	17,996				(17,749)	6,506		(11,243)
Title III	84.365A	S365A170030	7/1/17 - 6/30/18	19,879	(9,793)	1,914	(1,914)	9,793								
Title III Immigrant	84.365A	S365A180030	7/1/18 - 6/30/19	-		(2,857)	2,857	59	76		2,781	(2,781)	(17)	-		(17)
Title III Immigrant	84.365A	S365A170030	7/1/17 - 6/30/18	5,218	(2,125)	2,857	(2,857)	2,125			\$ -	\$ -				
Total English Language Acquisition (Title III) Cluster					(11,918)			18,730	18,072		2,781	(2,781)	(17,766)	6,506		(11,260)
LD.E.A. Part B, Basic	84.027A	H027A180100	7/1/18 - 6/30/19	537,335		(100,674)	100,674	272,494	546,798				(365,515)	91,211		(274,304)
LD.E.A. Part B, Basic	84.027A	H027A170100	7/1/17 - 6/30/18	530,112	(56,081)	100,674	(100,674)	56,081								
LD.E.A. Preschool	84.173A	H173A180114	7/1/18 - 6/30/19	26,645		(24,256)	24,256	15,069	37,300				(35,832)	13,601		(22,231)
LD.E.A. Preschool	84.173A	H173A170114	7/1/17 - 6/30/18	26,080	(18,751)	24,256	(24,256)	8,299		10,452						
Total Special Education Cluster (IDEA)					(74,832)			351,943	584,098	10,452			(401,347)	104,812		(296,535)
Total Special Revenue Fund					(155,812)			545,900	810,428	10,452	2,781	(2,781)	(540,786)	130,898		(409,888)
Total Federal Awards					\$ (166,110)	\$ -	\$ -	\$ 750,372	\$ 1,011,768	\$ 10,452	\$ 2,781	\$ (2,781)	\$ (550,185)	\$ 133,131	\$ -	\$ (419,287)

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

Note:
 (1) - To reclassify prior year grant expenditure

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2018				Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2019		MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Cash Received	Unearned Revenue			(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education													
Equalization Aid	19-495-034-5120-078	7/1/18 - 6/30/19	\$ 388,569			\$ 351,639	\$ 388,569		\$ (36,930)			\$	388,569
Equalization Aid	18-495-034-5120-078	7/1/17 - 6/30/18	388,569	(32,742)		32,742			-				
Special Education Aid	19-495-034-5120-089	7/1/18 - 6/30/19	1,294,330			1,171,314	1,294,330		(123,016)				1,294,330
Special Education Aid	18-495-034-5120-089	7/1/17 - 6/30/18	1,294,330	(109,063)		109,063			-				
Security Aid	19-495-034-5120-084	7/1/18 - 6/30/19	73,366			66,393	73,366		(6,973)				73,366
Security Aid	18-495-034-5120-084	7/1/17 - 6/30/18	47,564	(4,008)		4,008			-				
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 - 6/30/18	20,170	(1,700)		1,700			-				
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 - 6/30/18	20,170	(1,700)		1,700			-				
Professional Learning Community Aid	18-495-034-5120-101	7/1/17 - 6/30/18	19,720	(1,661)		1,661			-				
Subtotal State Aid Public Cluster				(150,874)		1,740,220	1,756,265		(166,919)				1,756,265
Transportation Aid	19-495-034-5120-014	7/1/18 - 6/30/19	430,582			389,659	430,582		(40,923)				430,582
Transportation Aid	18-495-034-5120-014	7/1/17 - 6/30/18	82,397	(6,943)		6,943			-				
Non-Public Transportation	19-495-034-5120-014	7/1/18 - 6/30/19	68,730			-	68,730		(68,730)			\$ (68,730)	68,730
Non-Public Transportation	18-495-034-5120-014	7/1/17 - 6/30/18	59,028	(59,028)		59,028			-				
Subtotal Transportation Cluster				(65,971)		455,630	499,312		(109,653)			(68,730)	499,312
Extraordinary Aid	19-100-034-5120-044	7/1/18 - 6/30/19	958,221				958,221		(958,221)				958,221
Extraordinary Aid	18-100-034-5120-044	7/1/17 - 6/30/18	823,295	(823,295)		823,295			-				
Reimbursed TPAF Social Security Contribution	19-495-034-5094-003	7/1/18 - 6/30/19	1,032,984			1,032,984	1,032,984		-				1,032,984
Reimbursed TPAF Social Security Contribution	18-495-034-5094-003	7/1/17 - 6/30/18	1,040,219	(51,606)		51,606			-				
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	7/1/18 - 6/30/19	2,737,349			2,737,349	2,737,349		-				2,737,349
On-Behalf TPAF Pension - NCGI Premium	19-495-034-5094-004	7/1/18 - 6/30/19	57,300			57,300	57,300		-				57,300
On-Behalf TPAF Pension - LTDI	19-495-034-5094-004	7/1/18 - 6/30/19	3,449			3,449	3,449		-				3,449
On-Behalf TPAF Post Retirement													
Medical Contribution	19-495-034-5094-001	7/1/18 - 6/30/19	1,267,648			1,267,648	1,267,648		-				1,267,648
Total General Fund				(1,091,746)		8,169,481	8,312,528		(1,234,793)			(68,730)	8,312,528
New Jersey Nonpublic Aid:													
Nursing Services	19-100-034-5120-070	7/1/18 - 6/30/19	63,341			63,341	63,341						63,341
Textbook Aid	19-100-034-5120-064	7/1/18 - 6/30/19	32,360			32,360	28,251				\$ 4,109		28,251
Textbook Aid	18-100-034-5120-064	7/1/17 - 6/30/18	33,855		\$ 1,277			\$ 1,277					
Technology	19-100-034-5120-373	7/1/18 - 6/30/19	21,816			21,816	18,946				2,870		18,946
Technology	18-100-034-5120-373	7/1/17 - 6/30/18	22,866		1,936			1,936					
Security Aid	19-100-034-5120-509	7/1/18 - 6/30/19	97,950			97,950	97,530				420		97,530
Security Aid	18-100-034-5120-509	7/1/17 - 6/30/18	49,725		576			576					
Auxiliary Services (Chapter 192):													
Compensatory Education	19-100-034-5120-067	7/1/18 - 6/30/19	103,130			103,130	93,145				9,985		93,145
Compensatory Education	18-100-034-5120-067	7/1/17 - 6/30/18	106,301		55,099			55,099					
English as a Second Language	19-100-034-5120-067	7/1/18 - 6/30/19	28,989			28,989	14,044				14,945		14,044
English as a Second Language	18-100-034-5120-067	7/1/17 - 6/30/18	22,584		2,168			2,168					
Transportation	19-100-034-5120-068	7/1/18 - 6/30/19	15,810			15,810	15,810				-		15,810
Total Auxiliary Services (Chapter 192 Cluster)					57,267	147,929	122,999	57,267			-	24,930	122,999
Handicapped Services (Chapter 193):													
Examination and Classification	19-100-034-5120-066	7/1/18 - 6/30/19	80,474			80,474	14,923				65,551		14,923
Examination and Classification	18-100-034-5120-066	7/1/17 - 6/30/18	67,191		25,289			25,289					
Corrective Speech	19-100-034-5120-066	7/1/18 - 6/30/19	29,462			29,462	29,462				-		29,462
Supplementary Instruction	19-100-034-5120-066	7/1/18 - 6/30/19	34,890			34,890	27,121				7,769		27,121
Supplementary Instruction	18-100-034-5120-066	7/1/17 - 6/30/18	32,670		793			793			-		
Total Handicapped Services (Chapter 193 Cluster)					26,082	144,826	71,506	26,082			-	73,320	71,506
Total Special Revenue Fund					87,138	508,222	402,573	87,138			-	105,649	402,573
Total State Department of Education				(1,091,746)	87,138	8,677,703	8,715,101	87,138	(1,234,793)		-	105,649	(68,730) 8,715,101

NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2018			Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2019			MEMO		
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Cash Received			(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures	
Department of Agriculture														
National School Lunch Program (State Share)	19-100-010-3350-023	7/1/18 - 6/30/19	\$ 6,439			\$ 6,047	\$ 6,439		\$ (392)			\$ (392)	\$ 6,439	
National School Lunch Program (State Share)	18-100-010-3350-023	7/1/17 - 6/30/18	6,149	\$ (435)	-	435	-	-	-	-	-	-	-	
Total Department of Agriculture (Food Service Fund)					(435)	-	6,482	6,439	-	(392)	-	-	(392)	6,439
Total State Financial Assistance Subject to Single Audit Determination					(1,092,181)	\$ 87,138	\$ 8,684,185	\$ 8,721,540	\$ 87,138	(1,235,185)	-	\$ 105,649	(69,122)	8,721,540
State Financial Assistance														
Not Subject to Major Program Determination														
General Fund														
On-Behalf TPAF Pension Benefit Contribution	19-495-034-5094-002	7/1/18 - 6/30/19	2,737,349			(2,737,349)	(2,737,349)						(2,737,349)	
On-Behalf TPAF Pension -NCGI Premium	19-495-034-5094-004	7/1/18 - 6/30/19	57,300			(57,300)	(57,300)						(57,300)	
On-Behalf TPAF Pension -LTDI	19-495-034-5094-004	7/1/18 - 6/30/19	3,449			(3,449)	(3,449)						(3,449)	
On-Behalf TPAF Post-Retirement Medical	19-495-034-5094-001	7/1/18 - 6/30/19	1,267,648			(1,267,648)	(1,267,648)						(1,267,648)	
Total State Financial Assistance Subject to Major Program Determination					(1,092,181)	\$ 87,138	\$ 4,618,439	\$ 4,655,794	\$ 87,138	(1,235,185)	\$ -	\$ 105,649	(69,122)	4,655,794

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, 2019**

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 the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) 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 a decrease of \$184,951 for the general fund and a decrease of \$26,980 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	\$ 11,988	\$ 8,127,577	\$ 8,139,565
Special Revenue Fund	784,948	402,573	1,187,521
Food Service Fund	<u>189,352</u>	<u>6,439</u>	<u>195,791</u>
Total Financial Assistance	<u>\$ 986,288</u>	<u>\$ 8,536,589</u>	<u>\$ 9,522,877</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, 2019**

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 Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,032,984 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$2,794,649, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,267,648 and TPAF Long-Term Disability Insurance in the amount of \$3,449 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

- 1) Were material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that are not considered to be material weakness(es)? X yes none reported

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

Federal Awards Section

Internal Control over major programs:

- (1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? X yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027A</u>	<u>H027A180100</u>	<u>IDEA Basic</u>
<u>84.173A</u>	<u>H173A180114</u>	<u>IDEA Preschool</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2019-001

Our audit of the general ledger account balances of the various funds revealed certain adjusting journal entries were required to reconcile the Board's records to agree with subsidiary records, supporting documentation and prior year annual audit balances. In addition, the financial activity of the Food Service Enterprise Fund is not being maintained in the District's financial accounting and reporting computer system.

Criteria or Specific Requirement

The State Department of Education's GAAP Technical Systems Manual.

Condition

Numerous adjusting journal entries were required to adjust revenues and expenditures reported in the District's internal accounting records and to correct general ledger entries in the District's governmental and enterprise funds. The Food Service enterprise fund's transactions are not maintained in the District's internal financial accounting general ledger software. Adjustments were required to adjust the beginning balances in the Special Revenue Fund and certain enterprise funds to agree with the prior year annual audit balances.

Questioned Costs

None.

Context

- The accruals for State Aid and Extraordinary Aid were overstated in the amount of \$482,855 at June 30, 2019 in the General Fund.
- The withdrawal of \$600,000 from Capital Reserve to fund certain High School field improvements accounted for in the Capital Projects fund was not properly reflected in the internal accounting records at June 30, 2019.
- State debit/credit memos in the amount of \$102,954 were not recorded in the District's records.
- Year end tuition receivables of \$74,815 were not recorded in the General Fund at June 30, 2019.
- Certain beginning general ledger balances in the Special Revenue Fund and the Knight Care Latchkey Program Enterprise Fund were not in agreement with prior year annual audit.
- The Food Service enterprise fund's financial transactions are not maintained in the District's internal accounting general ledger software system.

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2019-001 (Continued)

Effect

The Board Secretary's records were not in agreement with subsidiary records, supporting documentation and prior year annual audit balances and did not include the Food Service enterprise fund's transactions.

Recommendation

Internal controls over financial accounting and reporting be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.

Views of Responsible Officials and Planned Corrective Action Plan

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

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2019-002

Our audit of the Capital Projects Fund revealed the following:

- The financial transactions of the capital lease bank account held by a Fiscal Agent for the High School Field Renovation project were not recorded in the District's accounting records.
- A project budget was not properly recorded in the budget appropriation subsidiary ledger.
- Contracts were not encumbered at June 30, 2019.

Criteria or Specific Requirement

Internal Controls Over Financial Reporting in the Capital Projects Fund

Condition

Transactions related to the athletic field improvements at the high school financed through a capital lease with the bank account maintained by a Fiscal Agent were not reported on the District's accounting records. In addition a project budget was not established in the budget appropriation report and not all contract awards were encumbered at year end.

Context

\$2,009,509 of capital lease proceeds and interest earned were not recorded in the District's records. The budget in the amount of \$2,609,509 was not properly recorded in the subsidiary ledgers. A contract in the amount of \$1,237,712 was not encumbered of June 30, 2019.

Effect

Accounting records did not report all financial transactions of the District.

Recommendation

Capital lease bank account transactions for the High School Field Renovation project be recorded in the accounting records of the Capital Projects Fund. In addition, a project budget be established and recorded in the budget appropriation report and all contract awards be properly recorded in the Capital Projects Fund.

Views of Responsible Officials and Planned Corrective Action Plan

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

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Finding 2019-003

Our audit of the IDEA grant program salaries revealed employees and their respective salaries charged to the program were approved by the District subsequent to year end.

Federal Program Information

IDEA Basic	84.027A
IDEA Preschool	94.173A

Criteria or Specific Requirement

IDEA Grant Compliance Supplement

Questioned Costs

Unknown.

Contract

Employees and their respective salaries charged to the grant totaling \$127,255 for 2018/2019 were not approved by resolution until October 28, 2019.

Effect

Employees charged to grant program during year may not be allowable program charges.

Cause

Unknown.

Recommendation

Employees and their respective salaries to be charged to the IDEA grant program be approved by resolution prior to expenditures being incurred against the program.

View of Responsible Officials and Planned Corrective Action Plan

Management has reviewed this finding and has indicated they will approve grant salaries in a timely manner.

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2019-004

Our audit noted the following with regards to compliance with the Public School Contracts Law and state procurement guidelines:

- Payments to certain vendors for goods/services provided exceeded the quote threshold; however, two (2) quotes were not obtained from vendors, only one quote was obtained.
- The documentation to support cost savings and publication of intent for a contract awarded under a national cooperative purchasing agreement were not available for audit.
- There was one vendor paid over the bid threshold that was not properly bid.

State program information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
NJSA 18A:18A-Public School Contracts Law

Condition:

See Finding 2019-004

Questioned Costs:

Unknown.

Context:

Quotes were not solicited for the installation of serving counters in the amount \$9,668 and the acquisition of furniture for \$7,479. Costs savings analysis and publication of intent required when using a national cooperative purchasing agreement were not provided in conjunction with purchases of Chromebooks and related materials in the amount \$197,670. Payments made totaling \$66,173 to one vendor for cleaning supplies were not publicly advertised for bid.

Effect:

Noncompliance with requirements of the Public School Contracts Law and State procurement guidelines.

**NEW MILFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2019-004 (Continued)

Cause:

Unknown.

Recommendation:

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid and quote threshold are procured in accordance with the requirements of the Public School Contracts Law and State procurement guidelines.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review and revise their 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, 2019**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2018-001

Our audit of the general ledger account balance revealed certain adjusting journal entries were required to reconcile the Board's records to agree with subsidiary records, supporting documentation and prior year annual audit balances. It was also noted that certain year-end receivables were not accrued, such as Extraordinary Aid, tuition and charter school overpayment. In addition, the financial activity of the Food Service Enterprise fund is not being maintained in the District's internal accounting records.

Current Status

See Finding 2019-001.