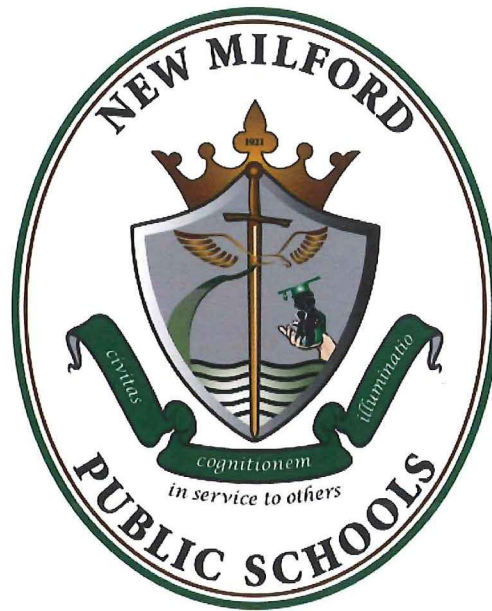


SCHOOL DISTRICT  
OF  
**NEW MILFORD**



NEW MILFORD BOARD OF EDUCATION  
NEW MILFORD, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

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

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**NEW MILFORD Board of Education  
Business Office**

**NEW MILFORD BOARD OF EDUCATION  
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# **Introductory Section**

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

March 3, 2021

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, 2020 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 2019-2020 fiscal year with an enrollment of 2038 students, which is 26 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
2019-20	2,038	1.01%
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%

**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 2020 92% of the graduates plan to receive some form of formal post-secondary education or training. 60% will be attending four year colleges in the fall. 32% will be participating in two year community college or career training programs. 1% will enter the military. 1% will be taking a GAP year. The remaining 6% 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, 2020.

**6) DEBT ADMINISTRATION:** At June 30, 2020 the District's outstanding debt issue was \$425,000 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,



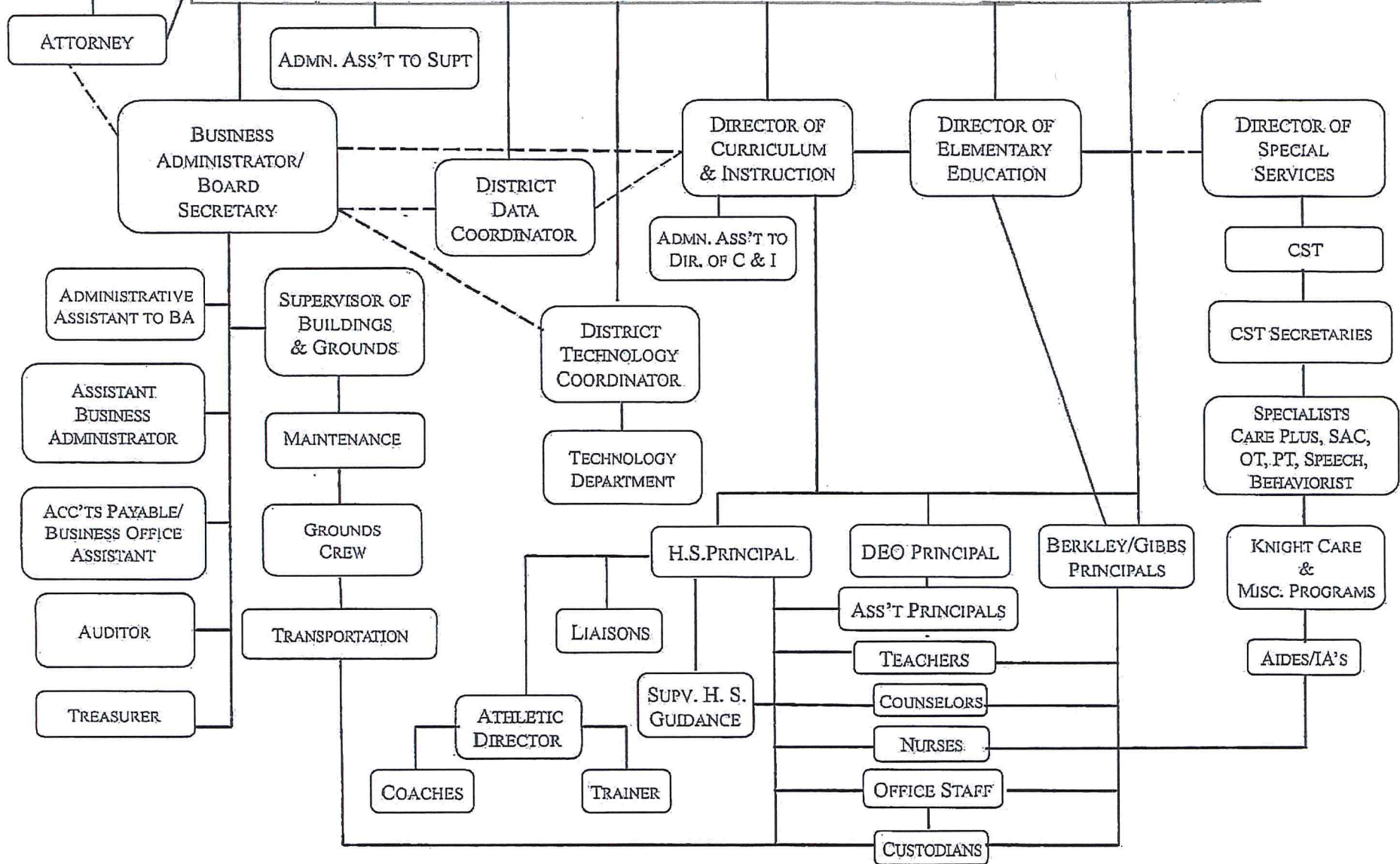
Michael Polizzi  
Superintendent



Stephanie Kuchar  
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, 2020

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Paige Ryan, President	12/2020
Judith Rabinowitz-McSweeney, Vice President	12/2022
Ashley Adams (1 year unexpired term to 12/2020)	12/2020
Anthony Albro (1 year unexpired term to 12/2020)	12/2020
Jason Levine (2 year unexpired term to 12/2021)	12/2021
Laura O'Grady	12/2021
Joseph Steele	12/2021
Tonia Andrews	12/2022
Heather Gomez	12/2022

**Other Officials**

Michael Polizzi	Superintendent
Bruce Watson	Interim School Business Administrator/Board Secretary
Lauren Odoksta	Director of Curriculum and Instruction
Kelly Ippolito	Treasurer of School Monies
Steven Fogarty, Esq.	Solicitor

# **NEW MILFORD BOARD OF EDUCATION**

## **Consultants and Advisors**

### **Architect**

Solutions Architecture  
96 Pompton Avenue  
2<sup>nd</sup> 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**

Valley 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  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, 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, 2020 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, 2020, 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 March 3, 2021 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 solely 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  
March 3, 2021



**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

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, 2020. 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 discussion and analysis.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 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 \$13,266,992 (net position).
- Overall District revenues were \$49,829,641 which were \$977,762 more than overall District expenses of \$48,851,879. General revenues accounted for \$35,540,767 or 71% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$14,288,874 or 29% of total revenues.
- The School District had \$47,927,884 in expenses for governmental activities; only \$13,377,947 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) and transfer of \$35,539,496 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 \$5,676,478.
- The General Fund unassigned fund balance was a deficit of \$22,423 at June 30, 2020, a decrease of \$151,644 when compared with the beginning balance at July 1, 2019 of \$129,221.
- The General Fund unassigned budgetary basis fund balance at June 30, 2020 was \$854,189 which represents a decrease of \$441,095 compared to the ending budgetary basis fund balance at June 30, 2019 of \$1,295,284.
- The District's total outstanding long-term liabilities decreased by \$1,648,993 during the current fiscal year.

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

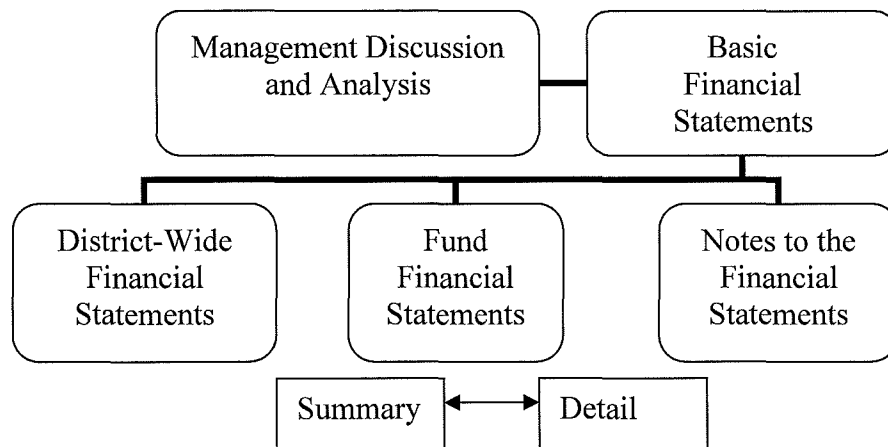
Fiscal Year Ended June 30, 2020

### 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, 2020**

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

### Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction; building maintenance, transportation, and administration.	Activities the district operates similar to private businesses; food service, latch 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.
<b>Required Financial Statements</b>	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
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of Asset/Deferred Outflows/Inflows of Resources/Liability Information</b>	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
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received and the related liability is due and payable	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

### 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, 2020

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, 2020

### 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 2020 and 2019.

**Net Position.** The District's *combined* net position were \$13,266,992 on June 30, 2020 and \$12,289,230 on June 30, 2019, respectively.

#### Statement of Net Position As of June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 7,003,463	\$ 7,730,371	\$ 516,414	\$ 520,948	\$ 7,519,877	\$ 8,251,319
Capital Assets	<u>21,924,497</u>	<u>20,403,194</u>	<u>94,225</u>	<u>98,325</u>	<u>22,018,722</u>	<u>20,501,519</u>
<b>Total Assets</b>	<u>28,927,960</u>	<u>28,133,565</u>	<u>610,639</u>	<u>619,273</u>	<u>29,538,599</u>	<u>28,752,838</u>
Deferred Amounts on Refunding of Debt	3,170	7,626			3,170	7,626
Deferred Amounts on Net Pension Liability	<u>2,332,424</u>	<u>3,654,909</u>	<u>-</u>	<u>-</u>	<u>2,332,424</u>	<u>3,654,909</u>
<b>Total Deferred Outflows of Resources</b>	<u>2,335,594</u>	<u>3,662,535</u>	<u>-</u>	<u>-</u>	<u>2,335,594</u>	<u>3,662,535</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>31,263,554</u>	<u>31,796,100</u>	<u>610,639</u>	<u>619,273</u>	<u>31,874,193</u>	<u>32,415,373</u>
Long-Term Liabilities	13,150,044	14,799,037			13,150,044	14,799,037
Other Liabilities	<u>1,382,845</u>	<u>1,297,654</u>	<u>44,115</u>	<u>43,575</u>	<u>1,426,960</u>	<u>1,341,229</u>
<b>Total Liabilities</b>	<u>14,532,889</u>	<u>16,096,691</u>	<u>44,115</u>	<u>43,575</u>	<u>14,577,004</u>	<u>16,140,266</u>
Deferred Amounts on Net Pension Liability	4,025,341	3,983,644		-	4,025,341	3,983,644
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>4,856</u>	<u>2,233</u>	<u>4,856</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>4,025,341</u>	<u>3,983,644</u>	<u>4,856</u>	<u>2,233</u>	<u>4,030,197</u>	<u>3,985,877</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>18,558,230</u>	<u>20,080,335</u>	<u>48,971</u>	<u>45,808</u>	<u>18,607,201</u>	<u>20,126,143</u>
Net Investment in Capital Assets	19,604,190	19,374,289	94,225	98,325	19,698,415	19,472,614
Restricted	1,390,118	1,318,968			1,390,118	1,318,968
Unrestricted	<u>(8,288,984)</u>	<u>(8,977,492)</u>	<u>467,443</u>	<u>475,140</u>	<u>(7,821,541)</u>	<u>(8,502,352)</u>
<b>Total Net Position</b>	<u>\$ 12,705,324</u>	<u>\$ 11,715,765</u>	<u>\$ 561,668</u>	<u>\$ 573,465</u>	<u>\$ 13,266,992</u>	<u>\$ 12,289,230</u>



# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

### Fiscal Year Ended June 30, 2020

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 2020 and 2019.

#### Change in Net Position For the Fiscal Years Ended June 30, 2020 and 2019

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,107,633	\$ 1,056,415	\$ 771,496	\$ 1,052,000	\$ 1,879,129	\$ 2,108,415
Operating Grants and Contributions	12,191,311	12,883,561	139,431	195,791	12,330,742	13,079,352
Capital Grants and Contributions	79,003	242,099			79,003	242,099
General Revenues						
Property Taxes	34,897,352	33,970,315			34,897,352	33,970,315
State Aid - Unrestricted	570,651	389,442			570,651	389,442
Other	67,825	132,703	4,939	6,954	72,764	139,657
<b>Total Revenues</b>	<u>48,913,775</u>	<u>48,674,535</u>	<u>915,866</u>	<u>1,254,745</u>	<u>49,829,641</u>	<u>49,929,280</u>
<b>Expenses</b>						
Instruction						
Regular	18,785,647	18,874,564			18,785,647	18,874,564
Special Education	7,507,123	7,300,624			7,507,123	7,300,624
Other Instruction	741,526	706,321			741,526	706,321
School Sponsored Activities and Athletics	1,620,594	1,469,545			1,620,594	1,469,545
Support Services						
Student and Instruction Related Services	6,723,080	7,097,604			6,723,080	7,097,604
General Administrative Services	1,507,792	1,030,992			1,507,792	1,030,992
School Administrative Services	3,143,203	3,468,940			3,143,203	3,468,940
Central and Other Support Services	1,443,331	1,452,418			1,443,331	1,452,418
Plant Operation and Maintenance	5,244,712	5,326,676			5,244,712	5,326,676
Pupil Transportation	1,122,352	1,232,239			1,122,352	1,232,239
Interest on Debt	88,524	35,955			88,524	35,955
Food Service			577,310	764,959	577,310	764,959
Knight Care Latchkey Program			332,243	387,794	332,243	387,794
Broadway Kids Summer Program			10,177	21,459	10,177	21,459
After School Enrichment Program			1,500	12,652	1,500	12,652
Summer Music Program	-	-	2,765	12,550	2,765	12,550
<b>Total Expenses</b>	<u>47,927,884</u>	<u>47,995,878</u>	<u>923,995</u>	<u>1,199,414</u>	<u>48,851,879</u>	<u>49,195,292</u>
Increase (Decrease) in Net Position Before Transfers	985,891	678,657	(8,129)	55,331	977,762	733,988
Transfers	3,668	4,824	(3,668)	(4,824)	-	-
Change in Net Position	989,559	683,481	(11,797)	50,507	977,762	733,988
<b>Beginning of Year, Net Position</b>	<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>
<b>End of Year, Net Position</b>	<u>\$ 12,705,324</u>	<u>\$ 11,715,765</u>	<u>\$ 561,668</u>	<u>\$ 573,465</u>	<u>\$ 13,266,992</u>	<u>\$ 12,289,230</u>

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

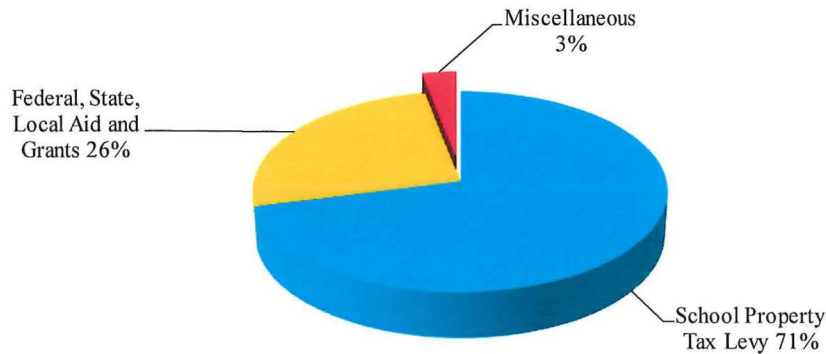
### Fiscal Year Ended June 30, 2020

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$48,913,775 for the fiscal year ended June 30, 2020, property taxes of \$34,897,352 represented 71% of revenues. Another significant portion of revenues came from grants and contributions; total State, Federal and Local Aid and Grants were \$12,840,965 and represented 26% 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.

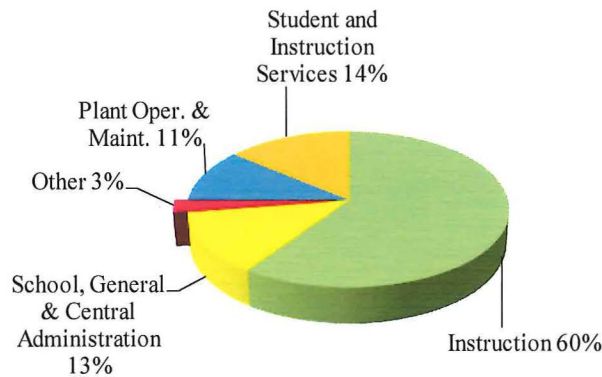
The total cost of all governmental activities programs and services was \$47,927,884. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$28,654,890 (60%) of total expenses. Support services, total \$19,184,470 (40%) of total expenses. Interest on debt totals \$88,524 less than 1% of total expenses.

Total governmental activities revenues and transfers exceeded expenses, increasing net position by \$989,559 from the previous year.

Revenues by Type – Governmental Activities  
For Fiscal Year 2020



Expenses by Type – Governmental Activities For Fiscal Year 2020



# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$47,927,884. After applying program revenues, derived from operating and capital grants and contributions of \$12,270,314, and charges for services of \$1,107,633, the net cost of services of the District is \$34,549,937.

### Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2020 and 2019

Governmental Activities	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction				
Regular	\$ 18,785,647	\$ 18,874,564	\$ 13,727,473	\$ 13,435,076
Special Education	7,507,123	7,300,624	2,769,758	2,825,499
Other Instruction	741,526	706,321	527,238	497,108
School Sponsored Activities and Athletics	1,620,594	1,469,545	1,297,646	882,086
Support Services				
Student and Instruction Related Services	6,723,080	7,097,604	5,295,220	5,474,345
General Administration	1,507,792	1,030,992	1,403,751	916,399
School Administration Services	3,143,203	3,468,940	2,445,282	2,655,292
Central and Other Support Services	1,443,331	1,452,418	1,320,069	1,263,609
Plant Operation and Maintenance	5,244,712	5,326,676	5,026,181	5,112,359
Pupil Transportation	1,122,352	1,232,239	648,795	716,075
Interest on Debt	88,526	35,955	88,524	35,955
<b>Total Governmental Activities</b>	<b>\$ 47,927,886</b>	<b>\$ 47,995,878</b>	<b>\$ 34,549,937</b>	<b>\$ 33,813,803</b>

### Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2020 was \$923,995. These costs were funded by charges for services of \$771,496 (84%) and operating grants of \$139,431 (15%), as detailed in the change in net position schedule.

Total business-type activities expenses and transfers surpassed revenues, decreasing net position by \$11,797 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 \$5,676,478 at June 30, 2020 compared to a combined fund balance of \$6,453,960 at June 30, 2019.

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

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

Revenues for the District's governmental funds were \$45,978,710, while total expenditures were \$47,364,756.

#### 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, 2020 and 2019

	<u>2020</u>	<u>2019</u>	Amount of Increase (Decrease)	Percent Change
<b>Revenues</b>				
Local Sources:				
Property Tax Levy	\$ 34,441,752	\$ 33,492,415	\$ 949,337	3%
Tuition	1,082,127	1,035,090	47,037	5%
Transportation	25,506	21,325	4,181	20%
Interest	53,366	77,388	(24,022)	-31%
Miscellaneous	4,668	45,806	(41,138)	-90%
State Sources	8,631,772	8,127,577	504,195	6%
Federal Sources	<u>18,096</u>	<u>11,988</u>	<u>6,108</u>	51%
<b>Total Revenues</b>	<u>\$ 44,257,287</u>	<u>\$ 42,811,589</u>	<u>\$ 1,445,698</u>	3%

The majority of revenues come from property taxes which accounted for 78% of total revenue while state sources represented 20% of total revenue for the 2020 fiscal year.

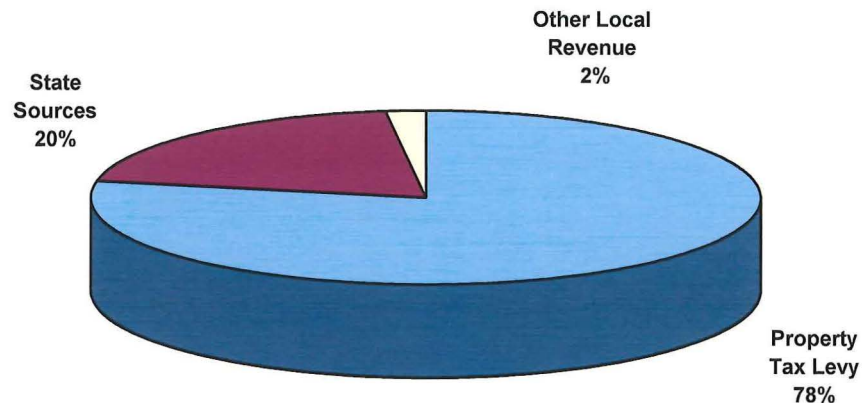
Total General Fund revenues increased by \$1,445,698 or 3% compared with the previous year. The increase in property tax revenues and on-behalf state revenues were largely attributable for the increase. Local property taxes increased 3% from the previous year to fund increases in budgeted expenditures. State aid revenues increased \$504,195 or 6% predominantly attributable to the increase in 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 an increase in enrollment of students received from outside the district. Transportation fees increased due to an increase 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, 2020

### General Fund Revenues by Source For the Fiscal Year Ended June 30, 2020



The following schedule presents a summary of General Fund expenditures.

### Summary of General Fund Expenditures (GAAP Basis) For the Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	Amount of Increase (Decrease)	Percent Change
<b>Expenditures</b>				
Instruction	\$ 25,362,613	\$ 24,590,836	\$ 771,777	3%
Support Services	16,874,101	16,782,743	91,358	1%
Debt Service	696,706	238,228	458,478	192%
Capital Outlay	<u>360,340</u>	<u>473,122</u>	<u>(112,782)</u>	-24%
<b>Total Expenditures</b>	<u>\$ 43,293,760</u>	<u>\$ 42,084,929</u>	<u>\$ 1,208,831</u>	3%

Total General Fund expenditures increased \$1,208,831 or 3% from the previous year. Instruction represented 59% of total expenditures while support services accounted for 39% of total expenditures for the 2020 fiscal year. The areas of regular instruction and student and instruction related support services experienced increases over the prior year. Capital outlay decreased due to a decline in expenditures incurred for various equipment purchases. Debt service increase was largely due to repayment made during the current fiscal year on the capital lease for the high school field renovations.

# NEW MILFORD BOARD OF EDUCATION

## Management Discussion and Analysis

### Fiscal Year Ended June 30, 2020

For fiscal year 2020, general fund revenues and other financing sources exceeded expenditures by \$1,572,091. After adjusting for restricted and assigned fund balances, the unassigned fund balance decreased from \$129,221 at June 30, 2019 to a deficit of \$22,423 at June 30, 2020. Consequently, the district has \$2,090,115 of restricted excess surplus from the current year operations compared to \$1,597,596 excess surplus at June 30, 2019 from prior year (2018/2019) operations.

### CAPITAL PROJECTS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of fiscal years 2020 and 2019, 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, 2020 and 2019

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 3,255,000	\$ 3,255,000			\$ 3,255,000	\$ 3,255,000
Land Improvements	1,930,829	1,930,829			1,930,829	1,930,829
Buildings and Building Improvements	31,763,560	29,119,096			31,763,560	29,119,096
Machinery and Equipment	4,630,064	4,264,084	\$ 361,349	\$ 332,209	4,991,413	4,596,293
Construction in Progress	-	225,434	-	-	-	225,434
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	41,579,453	38,794,443	361,349	332,209	41,940,802	39,126,652
Less: Accumulated Depreciation	<u>(19,654,956)</u>	<u>(18,391,249)</u>	<u>(267,124)</u>	<u>(233,884)</u>	<u>(19,922,080)</u>	<u>(18,625,133)</u>
Total Capital Assets, Net	<u>\$ 21,924,497</u>	<u>\$ 20,403,194</u>	<u>\$ 94,225</u>	<u>\$ 98,325</u>	<u>\$ 22,018,722</u>	<u>\$ 20,501,519</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, 2020

**Debt Administration.** As of June 30, 2020 and 2019 the school district had long-term debt and outstanding long-term liabilities in the amount of \$13,150,044 and \$14,799,037, respectively, as follows:

### Outstanding Long-Term Liabilities

As of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Serial Bonds Payable (Including Unamortized Premium)	\$ 433,258	\$ 874,868
Capital Leases Payable	1,890,219	2,161,663
Lease Purchase Agreements Payable	398,083	208,499
Compensated Absences Payable	459,171	486,754
Net Pension Liability	<u>9,969,313</u>	<u>11,067,253</u>
Total	<u>\$ 13,150,044</u>	<u>\$ 14,799,037</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 maintenance reserve 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, 2020**

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

General Fund budgetary basis revenues and other financing sources exceeded budgetary basis expenditures, increasing budgetary basis fund balance by \$1,282,640 from the previous year. After deducting restricted and assigned fund balances, the unassigned budgetary fund balance decreased \$441,095 from \$1,295,284 at June 30, 2019 to \$854,189 at June 30, 2020. This decrease is due to the reduction in unbudgeted Extraordinary Aid adjusting the permitted maximum unassigned fund balance. In addition, the District restricted fund balance for excess surplus increased to \$2,090,115 at June 30, 2020 compared to \$1,597,596 excess surplus at June 30, 2019.

### **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 2020-2021. Budgeted expenditures in the General Fund increased approximately four percent 4% to \$41,065,830 in fiscal year 2020-2021.

### **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, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,735,448	\$ 444,367	\$ 7,179,815
Receivables, Net:			
Receivables from Other Governments	308,051	4,412	312,463
Other	11,431	2,423	13,854
Internal Balances	(51,467)	51,467	-
Inventories		13,745	13,745
Capital Assets Not Being Depreciated	3,255,000		3,255,000
Capital Assets, Being Depreciated	<u>18,669,497</u>	<u>94,225</u>	<u>18,763,722</u>
Total Assets	<u>28,927,960</u>	<u>610,639</u>	<u>29,538,599</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	3,170		3,170
Deferred Amounts on Net Pension Liability	<u>2,332,424</u>	<u>-</u>	<u>2,332,424</u>
Total Deferred Outflows of Resources	<u>2,335,594</u>	<u>-</u>	<u>2,335,594</u>
Total Assets and Deferred Outflows of Resources	<u>31,263,554</u>	<u>610,639</u>	<u>31,874,193</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,136,410	10,718	1,147,128
Payable to Other Governments	89,000		89,000
Accrued Interest Payable	55,860		55,860
Unearned Revenue	101,575	33,397	134,972
Noncurrent Liabilities :			
Due Within One Year	1,100,076		1,100,076
Due Beyond One Year	<u>12,049,968</u>	<u>-</u>	<u>12,049,968</u>
Total Liabilities	<u>14,532,889</u>	<u>44,115</u>	<u>14,577,004</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, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	\$ 4,025,341	-	\$ 4,025,341
Deferred Commodities Revenue	<u>-</u>	<u>\$ 4,856</u>	<u>4,856</u>
Total Deferred Inflows of Resources	<u>4,025,341</u>	<u>4,856</u>	<u>4,030,197</u>
Total Liabilities and Deferred Inflows of Resources	<u>18,558,230</u>	<u>\$ 48,971</u>	<u>18,607,201</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 19,604,190	\$ 94,225	\$ 19,698,415
Restricted for:			
Capital Projects	949,679		949,679
Plant Maintenance	440,439		440,439
Unrestricted	<u>(8,288,984)</u>	<u>467,443</u>	<u>(7,821,541)</u>
Total Net Position	<u>\$ 12,705,324</u>	<u>\$ 561,668</u>	<u>\$ 13,266,992</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, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction:							
Regular	\$ 18,785,647	\$ 31,862	\$ 5,026,312		\$ (13,727,473)		\$ (13,727,473)
Special Education	7,507,123	1,050,265	3,687,100		(2,769,758)		(2,769,758)
Other Instruction	741,526		214,288		(527,238)		(527,238)
School Sponsored Activities and Athletics	1,620,594		322,948		(1,297,646)		(1,297,646)
Support Services							
Student and Instruction Related Services	6,723,080		1,422,220	\$ 5,640	(5,295,220)		(5,295,220)
General Administrative Services	1,507,792		104,041		(1,403,751)		(1,403,751)
School Administrative Services	3,143,203		697,921		(2,445,282)		(2,445,282)
Central and Other Support Services	1,443,331		123,262		(1,320,069)		(1,320,069)
Plant Operations and Maintenance	5,244,712		145,168	73,363	(5,026,181)		(5,026,181)
Pupil Transportation	1,122,352	25,506	448,051		(648,795)		(648,795)
Interest on Debt	88,524	-	-	-	(88,524)	-	(88,524)
Total Governmental Activities	<u>47,927,884</u>	<u>1,107,633</u>	<u>12,191,311</u>	<u>79,003</u>	<u>(34,549,937)</u>	<u>-</u>	<u>(34,549,937)</u>
Business-Type Activities							
Food Service	577,310	415,018	139,431			\$ (22,861)	(22,861)
Knight Care Latch Key Program	332,243	322,433				(9,810)	(9,810)
Broadway Kids Summer Program	10,177	23,290		-	-	13,113	13,113
After School Enrichment Program	1,500	-				(1,500)	(1,500)
Summer Music Program	2,765	10,755	-	-	-	7,990	7,990
Total Business-Type Activities	<u>923,995</u>	<u>771,496</u>	<u>139,431</u>	<u>-</u>	<u>-</u>	<u>(13,068)</u>	<u>(13,068)</u>
Total Primary Government	<u>\$ 48,851,879</u>	<u>\$ 1,879,129</u>	<u>\$ 12,330,742</u>	<u>\$ 79,003</u>	<u>(34,549,937)</u>	<u>(13,068)</u>	<u>(34,563,005)</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, 2020**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>General Revenues:</b>			
Property Taxes:			
Levied for General Purposes	\$ 34,441,752		\$ 34,441,752
Levied for Debt Service	455,600		455,600
State Aid, Unrestricted	570,651		570,651
Interest Income	63,157	\$ 4,939	68,096
Miscellaneous Income	4,668		4,668
<b>Transfers</b>	3,668	(3,668)	-
Total General Revenues and Transfers	35,539,496	1,271	35,540,767
Change in Net Position	989,559	(11,797)	977,762
Net Position, Beginning of Year	11,715,765	573,465	12,289,230
Net Position, End of Year	\$ 12,705,324	\$ 561,668	\$ 13,266,992

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, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,338,707	\$ 142,802	\$ 253,939		\$ 6,735,448
Receivables, Net					
Receivables from Other Governments	57,082	250,969			308,051
Accounts	<u>-</u>	<u>11,431</u>	<u>-</u>	<u>-</u>	<u>11,431</u>
Total Assets	<u>\$ 6,395,789</u>	<u>\$ 405,202</u>	<u>\$ 253,939</u>	<u>\$ -</u>	<u>\$ 7,054,930</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 468,393	\$ 214,627	\$ 219,437		\$ 902,457
Accrued Salaries and Wages	85,995				85,995
Compensated Absences Payable	125,141				125,141
Payable to State Government		89,000			89,000
Due to Other Funds	74,284				74,284
Unearned Revenue	<u>-</u>	<u>101,575</u>	<u>-</u>	<u>-</u>	<u>101,575</u>
Total Liabilities	<u>753,813</u>	<u>405,202</u>	<u>219,437</u>	<u>-</u>	<u>1,378,452</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	915,177				915,177
Maintenance Reserve	440,439				440,439
Emergency Reserve	400,324				400,324
Excess Surplus	2,090,115				2,090,115
Excess Surplus - Designated for Subsequent Year's Budget	1,597,596				1,597,596
Capital Projects			34,502		34,502
Assigned Fund Balance					
Year End Encumbrances	220,748				220,748
Unassigned Fund Balance					
General Fund	<u>(22,423)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,423)</u>
Total Fund Balances	<u>5,641,976</u>	<u>-</u>	<u>34,502</u>	<u>-</u>	<u>5,676,478</u>
Total Liabilities and Fund Balances	<u>\$ 6,395,789</u>	<u>\$ 405,202</u>	<u>\$ 253,939</u>	<u>\$ -</u>	<u>\$ 7,054,930</u>

**NEW MILFORD BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2020**

<b>Total Fund Balances (Exhibit B-1)</b>		<b>\$ 5,676,478</b>
 Amounts reported for <i>governmental activities</i> 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 \$41,579,453 and the accumulated depreciation is \$19,654,956.		21,924,497
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.		3,170
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	\$ 2,332,424
	Deferred Inflows of Resources	<u>(4,025,341)</u>
		(1,692,917)
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(55,860)
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	(433,258)
	Capital Leases	(1,890,219)
	Lease Purchase Agreements	(398,083)
	Compensated Absences	(459,171)
	Net Pension Liability	<u>(9,969,313)</u>
		<u>(13,150,044)</u>
<b>Net Position of Governmental Activities (Exhibit A-1)</b>		<b><u>\$ 12,705,324</u></b>

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, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 34,441,752			\$ 455,600	\$ 34,897,352
Tuition	1,082,127				1,082,127
Transportation Fees	25,506				25,506
Interest	53,366		\$ 9,791		63,157
Miscellaneous	4,668	\$ 52,689	-	-	57,357
Total - Local Sources	35,607,419	52,689	9,791	455,600	36,125,499
State Sources	8,631,772	332,295			8,964,067
Federal Sources	18,096	871,048	-	-	889,144
Total Revenues	<u>44,257,287</u>	<u>1,256,032</u>	<u>9,791</u>	<u>455,600</u>	<u>45,978,710</u>
<b>EXPENDITURES</b>					
Instruction					
Regular	16,741,568	424,764			17,166,332
Special Education	6,648,628	408,644			7,057,272
Other Instruction	654,831	19,330			674,161
School-Sponsored Activities and Athletics	1,317,586				1,317,586
Support Services					
Student and Instruction Related Services	6,218,197				6,218,197
General Administrative Services	1,142,896	298,780	5,455		1,447,131
School Administrative Services	2,910,704				2,910,704
Central and Other Support Services	1,279,417				1,279,417
Plant Operations and Maintenance	4,306,701		8,242		4,314,943
Pupil Transportation	1,016,186				1,016,186
Debt Service					
Principal	661,245	25,511		430,000	1,116,756
Interest and Other Charges	35,461			25,600	61,061
Capital Outlay	360,340	79,003	2,345,667	-	2,785,010
Total Expenditures	<u>43,293,760</u>	<u>1,256,032</u>	<u>2,359,364</u>	<u>455,600</u>	<u>47,364,756</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>963,527</u>	<u>-</u>	<u>(2,349,573)</u>	<u>-</u>	<u>(1,386,046)</u>
<b>OTHER FINANCING SOURCES</b>					
Capital Lease Proceeds	200,948				200,948
Lease Purchase Proceeds	403,948	-	-	-	403,948
Transfers In	3,668	-	-	-	3,668
Total Other Financing Sources	<u>608,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,564</u>
Net Change in Fund Balances	1,572,091	-	(2,349,573)	-	(777,482)
Fund Balance, Beginning of Year	4,069,885	-	2,384,075	-	6,453,960
Fund Balance, End of Year	<u>\$ 5,641,976</u>	<u>\$ -</u>	<u>\$ 34,502</u>	<u>\$ -</u>	<u>\$ 5,676,478</u>

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, 2020**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ (777,482)**

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

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

Capital Outlay	\$ 2,785,010	
Depreciation Expense	<u>(1,263,707)</u>	1,521,303

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 Decrease in Compensated Absences	27,583	
Increase in Pension Expense	<u>(266,242)</u>	(238,659)

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	472,392	
Lease Purchase Agreements	214,364	
Serial Bonds	<u>430,000</u>	1,116,756

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	(200,948)	
Lease Purchase Agreement Proceeds	<u>(403,948)</u>	(604,896)

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	(4,456)	
Original Issue Premium	<u>11,610</u>	7,154

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.

Increase in Accrued Interest		<u>(34,617)</u>
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**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 989,559**

**NEW MILFORD BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2020**

	<u>Business-Type Activities - Enterprise Fund</u>			<u>Totals</u>
	<u>Food Service</u>	<u>Knight Care Latchkey Program</u>	<u>Non-Major Enterprise Funds</u>	
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 180,884	\$ 205,543	\$ 57,940	\$ 444,367
Intergovernmental Receivable	4,412			4,412
Accounts Receivable- Other	2,053	370		2,423
Due from Other Funds	45,294	10,505		55,799
Inventories	<u>13,745</u>	<u>-</u>	<u>-</u>	<u>13,745</u>
Total Current Assets	<u>246,388</u>	<u>216,418</u>	<u>57,940</u>	<u>520,746</u>
Capital Assets				
Equipment	221,004	140,345		361,349
Less: Accumulated Depreciation	<u>(149,542)</u>	<u>(117,582)</u>	<u>-</u>	<u>(267,124)</u>
Total Capital Assets, Net	<u>71,462</u>	<u>22,763</u>	<u>-</u>	<u>94,225</u>
Total Assets	<u>317,850</u>	<u>239,181</u>	<u>57,940</u>	<u>614,971</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	9,076	142	-	9,218
Accrued Salaries and Wages			1,500	1,500
Due to Other Funds		4,332		4,332
Unearned Revenue	<u>33,397</u>	<u>-</u>	<u>-</u>	<u>33,397</u>
Total Current Liabilities	<u>42,473</u>	<u>4,474</u>	<u>1,500</u>	<u>48,447</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred Commodities Revenue	<u>4,856</u>	<u>-</u>	<u>-</u>	<u>4,856</u>
Total Deferred Inflows of Resources	<u>4,856</u>	<u>-</u>	<u>-</u>	<u>4,856</u>
Total Liabilities and Deferred Inflow of Resources	<u>47,329</u>	<u>4,474</u>	<u>1,500</u>	<u>53,303</u>
<b>NET POSITION</b>				
Investment in Capital Assets	71,462	22,763	-	94,225
Unrestricted	<u>199,059</u>	<u>211,944</u>	<u>56,440</u>	<u>467,443</u>
Total Net Position	<u>\$ 270,521</u>	<u>\$ 234,707</u>	<u>\$ 56,440</u>	<u>\$ 561,668</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, 2020**

**Business-Type Activities - Enterprise Fund**

	<u>Food Service</u>	<u>Knight Care Latchkey Program</u>	<u>Non-Major Enterprise Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for Services				
Daily Sales - Reimbursable Programs	\$ 171,054			\$ 171,054
Daily Sales - Non-Reimbursable Programs	243,964			243,964
Program Fees	-	\$ 322,433	\$ 34,045	356,478
	<u>415,018</u>	<u>322,433</u>	<u>34,045</u>	<u>771,496</u>
<b>OPERATING EXPENSES</b>				
Salaries and Employee Benefits	210,332	293,437	10,013	513,782
Cost of Sales - Reimbursable Programs	137,090			137,090
Cost of Sales - Non-Reimbursable Programs	96,573			96,573
Purchased Management Services	54,266			54,266
Other Purchased Services	7,360	1,445		8,805
Supplies and Materials	45,743	29,767	4,429	79,939
Miscellaneous	300			300
Depreciation	25,646	7,594	-	33,240
	<u>577,310</u>	<u>332,243</u>	<u>14,442</u>	<u>923,995</u>
Operating Income (Loss)	<u>(162,292)</u>	<u>(9,810)</u>	<u>19,603</u>	<u>(152,499)</u>
<b>NONOPERATING REVENUES</b>				
Federal Sources				
National School Lunch Program	104,482			104,482
Food Distribution Program	29,419			29,419
State Sources				
State School Lunch Program	5,530			5,530
Interest	1,523	2,893	523	4,939
	<u>140,954</u>	<u>2,893</u>	<u>523</u>	<u>144,370</u>
Change in Net Position Before Transfers	(21,338)	(6,917)	20,126	(8,129)
Transfers Out	-	(3,101)	(567)	(3,668)
Change in Net Position	(21,338)	(10,018)	19,559	(11,797)
Total Net Position, Beginning of Year	<u>291,859</u>	<u>244,725</u>	<u>36,881</u>	<u>573,465</u>
Total Net Position, End of Year	<u>\$ 270,521</u>	<u>\$ 234,707</u>	<u>\$ 56,440</u>	<u>\$ 561,668</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, 2020**

	<b>Business-Type Activities - Enterprise Fund</b>			<b>Totals</b>
	<b>Food Service</b>	<b>Knight Care Latchkey Program</b>	<b>Non-Major Enterprise Fund</b>	
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 415,223	\$ 322,433	\$ 26,824	\$ 764,480
Cash Payments for Employees' Salaries and Benefits	(210,332)	(297,652)	(9,113)	(517,097)
Cash Payments to Suppliers for Goods and Services	(304,228)	(31,201)	(5,141)	(340,570)
Net Cash Provided/(Used) by Operating Activities	(99,337)	(6,420)	12,570	(93,187)
<b>Cash Flows from Noncapital Financing Activities</b>				
Cash Received from State and Federal Subsidy				
Reimbursements	115,391			115,391
Cash Payments from/(to) Other Funds	11,757	(15,564)	(567)	(4,374)
Net Cash Provided/(Used) by Noncapital Financing Activities	127,148	(15,564)	(567)	111,017
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of Capital Assets	(29,140)	-	-	(29,140)
Net Cash Used by Capital and Related Financing Activities	(29,140)	-	-	(29,140)
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	1,523	2,893	523	4,939
Net Cash Provided by Investing Activities	1,523	2,893	523	4,939
Net (Decrease) in Cash and Cash Equivalents	194	(19,091)	12,526	(6,371)
Cash and Cash Equivalents, Beginning of Year	180,690	224,634	45,414	450,738
Cash and Cash Equivalents, End of Year	\$ 180,884	\$ 205,543	\$ 57,940	\$ 444,367
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided/(Used) by Operating Activities</b>				
Operating Income (Loss)	\$ (162,292)	\$ (9,810)	\$ 19,603	\$ (152,499)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(Used) by Operating Activities				
Depreciation	25,646	7,594		33,240
Food Distribution Program (USDA Commodities)	29,419			29,419
Change in Assets, Liabilities and Deferred Inflows of Resources				
(Increase)/Decrease in Accounts Receivable	413			413
(Increase)/Decrease in Inventories	(6,923)			(6,923)
Increase/(Decrease) in Accounts Payable	(2,145)	11	(712)	(2,846)
Increase/(Decrease) in Accrued Salaries and Wages	-	(4,215)	900	(3,315)
Increase/(Decrease) in Unearned Revenue	13,922		(7,221)	6,701
Increase/(Decrease) in Deferred Inflow of Resources	2,623	-	-	2,623
Total Adjustments	62,955	3,390	(7,033)	59,312
Net Cash Provided/(Used) by Operating Activities	\$ (99,337)	\$ (6,420)	\$ 12,570	\$ (93,187)
<b>Non-Cash Investing, Capital and Financing Activities</b>				
Value Received - Food Distribution Program	\$ 32,042			\$ 32,042

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, 2020**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Private Purpose Scholarship <u>Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 92,552	\$ 163,648	\$ 639,669
Due from Other Funds	<u>-</u>	<u>-</u>	<u>22,817</u>
Total Assets	<u>92,552</u>	<u>163,648</u>	<u>\$ 662,486</u>
<b>LIABILITIES</b>			
Intergovernmental Accounts Payable	17,937		
Accrued Salaries and Wages			\$ 8,602
Payroll Deductions and Withholdings (Deficit)			(34,797)
Employee Deposits Payable			437,753
Due to Student Groups	<u>-</u>	<u>-</u>	<u>250,928</u>
Total Liabilities	<u>17,937</u>	<u>-</u>	<u>\$ 662,486</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 74,615</u>	<u>\$ 163,648</u>	

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

**NEW MILFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Private Purpose Scholarship <u>Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
District	\$ 20,000	
Employee	32,310	
Private		\$ 47,075
Investment Earnings		
Interest	<u>587</u>	<u>352</u>
 Total Additions	 <u>52,897</u>	 <u>47,427</u>
<b>DEDUCTIONS</b>		
Scholarship Awards		48,600
Unemployment Claims and Contributions	<u>52,767</u>	<u>          </u>
 Total Deductions	 <u>52,767</u>	 <u>48,600</u>
 Change in Net Position	 130	 (1,173)
Net Position, Beginning of Year	<u>74,485</u>	<u>164,821</u>
Net Position, End of Year	<u>\$ 74,615</u>	<u>\$ 163,648</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, 2020**

**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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Kindergarten through grade twelve (12) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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**

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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, 2020**

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

**B. New Accounting Standards (Continued)**

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**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.

**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.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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.

Additionally, the District 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.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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, 2020**

**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. *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.

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**4. Capital Assets (Continued)**

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	10-20
Buildings	20-50
Building Improvements	10-20
Machinery and Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

**5. 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.

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 of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. 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.

**6. 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.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**7. 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.

**8. 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 withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. 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, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (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, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 original budget certified for taxes.

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that was appropriated in the 2020/2021 original budget certified for taxes.

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

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

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

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

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, 2020**

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

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

**10. *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 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *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 2018-2019 and 2019-2020 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, 2020**

**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 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$754,781. The increase was funded by the additional appropriation of unassigned fund balance, maintenance reserve, 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.

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.

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**B. Deficit Fund Equity**

The District has an unassigned fund deficit of \$22,423 in the General Fund as of June 30, 2020 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2019/2020 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$22,423 in the General Fund is less than the delayed state aid payments at June 30, 2020.

**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, 2020 is as follows:

Balance, July 1, 2019		\$ 413,937
Increased by:		
Interest Earnings	\$ 1,240	
Deposits Approved by Board Resolution	<u>500,000</u>	
		<u>501,240</u>
Balance, June 30, 2020		<u>\$ 915,177</u>

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020 is as follows:

Balance, July 1, 2019		\$ 520,956
Increased by:		
Interest Earnings	\$ 2,750	
		<u>2,750</u>
		523,706
Decreased by:		
Withdrawals Approved by Board Resolution		<u>83,267</u>
Balance, June 30, 2020		<u>\$ 440,439</u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,818,880. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**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.

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**E. Emergency Reserve (Continued)**

The activity of the emergency reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	\$ 285,874
Increased by:	
Deposits Approved by Board Resolution	<u>114,450</u>
 Balance, June 30, 2020	 <u>\$ 400,324</u>

**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, 2020 is \$3,687,711. Of this amount, \$1,597,596 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$2,090,115 will be appropriated in the 2021/2022 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, 2020, the book value of the Board's deposits were \$8,075,684 and bank and brokerage firm balances of the Board’s deposits amounted to \$8,295,833. 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>\$ 8,295,833</u>
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**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

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, 2020 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 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, 2020, the Board had no outstanding investments.

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

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

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

**B. Receivables**

Receivables as of June 30, 2020 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	\$ 57,082	\$ 23,144	\$ 88		\$ 80,314
Federal		227,825	4,324		232,149
Accounts	<u>-</u>	<u>11,431</u>	<u>2,053</u>	<u>\$ 370</u>	<u>13,854</u>
Total Gross Receivables	<u>\$ 57,082</u>	<u>\$ 262,400</u>	<u>\$ 6,465</u>	<u>\$ 370</u>	<u>\$ 326,317</u>

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**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	\$	34,698
Grand Draw Downs Reserved for Encumbrances		<u>66,877</u>
 Total Unearned Revenue for Governmental Funds	 \$	 <u>101,575</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,255,000		-	\$ 3,255,000
Construction in Progress	<u>225,434</u>	-	<u>\$ (225,434)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>3,480,434</u>	<u>-</u>	<u>(225,434)</u>	<u>3,255,000</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,930,829			1,930,829
Buildings and Building Improvements	29,119,096	\$ 2,644,464		31,763,560
Machinery and Equipment	<u>4,264,084</u>	<u>365,980</u>	-	<u>4,630,064</u>
Total Capital Assets Being Depreciated	<u>35,314,009</u>	<u>3,010,444</u>	<u>-</u>	<u>38,324,453</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,206,525)	(676,719)		(1,883,244)
Buildings and Building Improvements	(14,423,480)	(239,808)		(14,663,288)
Machinery and Equipment	<u>(2,761,244)</u>	<u>(347,180)</u>	-	<u>(3,108,424)</u>
Total Accumulated Depreciation	<u>(18,391,249)</u>	<u>(1,263,707)</u>	<u>-</u>	<u>(19,654,956)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,922,760</u>	<u>1,746,737</u>	<u>-</u>	<u>18,669,497</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,403,194</u>	<u>\$ 1,746,737</u>	<u>\$ (225,434)</u>	<u>\$ 21,924,497</u>



**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**D. Capital Assets (Continued)**

	Balance <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 332,209	\$ 29,140	-	\$ 361,349
Total Capital Assets Being Depreciated	<u>332,209</u>	<u>29,140</u>	-	<u>361,349</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(233,884)	(33,240)	-	(267,124)
Total Accumulated Depreciation	<u>(233,884)</u>	<u>(33,240)</u>	-	<u>(267,124)</u>
Total Capital Assets, Being Depreciated, Net	<u>98,325</u>	<u>(4,100)</u>	-	<u>94,225</u>
Business-Type Activities Capital Assets, Net	<u>\$ 98,325</u>	<u>\$ (4,100)</u>	<u>\$ -</u>	<u>\$ 94,225</u>

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

**Governmental Activities:**

Instruction	
Regular	\$ 33,642
Special Education	2,438
School-Sponsored Activities and Athletics	191,418
Total Instruction	<u>227,498</u>

Support Services	
Student and Instruction Related Services	73,870
Central and Other Support Services	108,411
Plant Operations and Maintenance	783,893
Pupil Transportation	70,035
Total Support Services	<u>1,036,209</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,263,707</u>
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**Business-Type Activities:**

Food Service Fund	\$ 25,646
Knight Care Latch Key Program Fund	<u>7,594</u>

Total Depreciation Expense-Business-Type Activities	<u>\$ 33,240</u>
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**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

The composition of interfund balances as of June 30, 2020, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 40,962
Food Service Fund	Knight Care Latchkey Program Enterprise Fund	4,332
Knight Care Latchkey Program Enterprise Fund	General Fund	10,505
Payroll Agency Fund	General Fund	<u>22,817</u>
Total		<u>\$ 78,616</u>

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

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

**Interfund Transfers**

	<u>Transfers In:</u>
	<u>General Fund</u>
Transfers Out:	
Knight Care Latchkey Program Enterprise Fund	\$ 3,101
Broadway Kids Summer Program Enterprise Fund	221
After School Enrichment Enterprise Fund	<u>346</u>
	<u>\$ 3,668</u>

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

**F. Leases**

**Operating Leases**

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2020 were \$80,280. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2021	\$ 80,280
2022	<u>33,450</u>
Total	<u>\$ 113,730</u>

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**F. Leases (Continued)**

**Capital Leases and Lease – Purchase Agreements**

The District is leasing several school buses, high school field renovations, security cameras and a Steinway piano totaling \$2,401,932 under capital leases. The leases are for terms of 4 to 5 years. In addition, the District entered into lease purchase agreements for the purchase of chromebook laptops (supplies) totaling \$722,783. The leases are for a term of 3 years.

The capital assets acquired through capital leases are as follows:

	<b><u>Governmental Activities</u></b>
Land Improvements	\$ 2,000,000
Machinery and Equipment	<u>401,932</u>
	<u>\$ 2,401,932</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Fiscal Year Ending June 30</u>	<b><u>Governmental Activities</u></b>	
	<u>Capital Leases</u>	<u>Lease-Purchase Agreements</u>
2021	\$ 514,962	\$ 222,428
2022	494,020	112,093
2023	494,020	86,581
2024	484,697	
2025	<u>35,606</u>	<u>-</u>
Total minimum lease payments	2,023,305	421,102
Less: amount representing interest	<u>(133,086)</u>	<u>(23,019)</u>
Present value of minimum lease payments	<u>\$ 1,890,219</u>	<u>\$ 398,083</u>

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020 are comprised of the following issues:

\$4,515,000, 2009 Refunding Bonds, due in an annual installment of \$425,000 through August 15, 2020, interest at 4.0%	<u>\$425,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending <u>June 30,</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	<u>\$ 425,000</u>	<u>\$ 8,500</u>	<u>\$ 433,500</u>
Total	<u>\$ 425,000</u>	<u>\$ 8,500</u>	<u>\$ 433,500</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 76,161,923
Less: Net Debt Issued	<u>425,000</u>
Remaining Borrowing Power	<u>\$ 75,736,923</u>

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 855,000		\$ 430,000	\$ 425,000	\$ 425,000
Add:					
Unamortized Premium	19,868	-	11,610	8,258	-
Total Bonds Payable	874,868	-	441,610	433,258	425,000
Capital Leases Payable	2,161,663	\$ 200,948	472,392	1,890,219	466,746
Lease Purchase Agreements Payable	208,499	403,948	214,364	398,083	208,330
Compensated Absences Payable	486,754	69,887	97,470	459,171	
Net Pension Liability	11,067,253	-	1,097,940	9,969,313	-
Governmental Activities Long-Term Liabilities	<u>\$ 14,799,037</u>	<u>\$ 674,783</u>	<u>\$ 2,323,776</u>	<u>\$ 13,150,044</u>	<u>\$ 1,100,076</u>

For the governmental activities, the liabilities for compensated absences, capital leases, lease purchase agreements payable 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, 2020**

**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 respective insurance funds are on file with the School's Business Administrator.

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

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

<u>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>
2020	\$ 20,000	\$ 32,310	\$ 52,767	\$ 74,615
2019	None	38,423	20,137	74,485
2018	45,000	36,376	49,372	55,571

**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, 2020, 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, 2020, 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, 2020**

**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](http://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:

<u>Tier</u>	<u>Definition</u>
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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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, 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](http://www.state.nj.us/treasury/pensions).

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.

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**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](http://www.state.nj.us/treasury/pensions).



**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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.

**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](http://www.state.nj.us/treasury/doinvest).

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

**Actuarial Methods and Assumptions**

In the July 1, 2018 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 2020.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 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 the 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 nonemployer 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 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 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 unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 538,183	\$ 3,057,842	\$ 13,272
2019	559,097	2,794,649	30,211
2018	459,824	1,979,507	27,070

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$3,087, \$4,285 and \$9,674, respectively for PERS and the State contributed \$2,895, \$3,449 and \$3,795, 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 \$1,104,516 during the fiscal year ended June 30, 2020 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 both a revenue and expense/expenditure in accordance with GASB No. 85.

**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, 2018 through June 30, 2019. 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, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$9,969,313 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .05533 percent, which was a decrease of .00088 percent from its proportionate share measured as of June 30, 2018 of .05621 percent.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$804,425 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 178,936	\$ 44,040
Changes of Assumptions	995,473	3,460,317
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		157,369
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,158,015</u>	<u>363,615</u>
Total	<u>\$ 2,332,424</u>	<u>\$ 4,025,341</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2021	\$ (147,176)
2022	(760,343)
2023	(693,920)
2024	(303,899)
2025	<u>212,421</u>
	<u>\$ (1,692,917)</u>

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00%
	Based on Years of Service
Thereafter	3.00%-7.00%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2019) 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 rates 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 PERS's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

***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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%



**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,038,096 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, 2020 the State's proportionate share of the net pension liability attributable to the District is \$85,416,541. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .13918 percent, which was an increase of .00795 percent from its proportionate share measured as of June 30, 2018 of .13123 percent.



**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55%
	Based on Years of Service
Thereafter	2.75%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2019) 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 TPAF's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

\* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	<b>1% Decrease (4.60%)</b>	<b>Current Discount Rate (5.60%)</b>	<b>1% Increase (6.60%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 100,725,007</u>	<u>\$ 85,416,541</u>	<u>\$ 72,715,348</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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](http://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, 2019. 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, 2020**

**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](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
Total	<u>364,943</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, 2019 is \$41.7 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, 2018 which were rolled forward to June 30, 2019.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

In the June 30, 2018 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 \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an 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.

over a period not to exceed thirty years. 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, 2020, 2019 and 2018 were \$1,134,404, \$1,267,648 and \$1,278,521, 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, 2018 through June 30, 2019. 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.

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,089,215. 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, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$50,736,101. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .12158 percent, which was an increase of .00296 percent from its proportionate share measured as of June 30, 2018 of .11862 percent.

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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)**

**Actuarial Assumptions**

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

**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 2.00% as of June 30, 2019.

**Discount Rate**

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

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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.



**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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)**

**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, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>54,696,566</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,548,006
Interest on the Total OPEB Liability	2,186,399
Differences Between Expected and Actual Experience	(7,940,069)
Changes of Assumptions	756,479
Gross Benefit Payments	(1,557,447)
Contributions from the Member	<u>46,167</u>
<b>Net Changes</b>	<b>\$ <u>(3,960,465)</u></b>
Balance, June 30, 2019 Measurement Date	<u>\$ 50,736,101</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

**NEW MILFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	<b>1% Decrease <u>(2.50%)</u></b>	<b>Current Discount Rate <u>(3.50%)</u></b>	<b>1% Increase <u>(4.50%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 59,939,385	\$ 50,736,101	\$ 43,425,517

*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:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 41,804,286	\$ 50,736,101	\$ 62,559,990

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 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.

**NEW MILFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

**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, 2020**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 34,441,752		\$ 34,441,752	\$ 34,441,752	
Tuition from Individuals			-	31,862	\$ 31,862
Tuition from Other LEAs Within the State	1,024,405		1,024,405	1,050,265	25,860
Transportation Fees from Other LEA's	14,010		14,010	25,506	11,496
Interest			-	49,376	49,376
Interest Earned on Maintenance Reserve			-	2,750	2,750
Interest Earned on Capital Reserve	250		250	1,240	990
Miscellaneous	25,250	-	25,250	4,668	(20,582)
<b>Total Local Sources</b>	<u>35,505,667</u>	<u>-</u>	<u>35,505,667</u>	<u>35,607,419</u>	<u>101,752</u>
State Sources					
Special Education Aid	1,294,330		1,294,330	1,294,330	-
Equalization Aid	587,981		587,981	587,981	-
Security Aid	73,366		73,366	73,366	-
Transportation Aid	430,582		430,582	430,582	-
Extraordinary Aid	550,000		550,000	656,405	106,405
TPAF Pension Contribution (Non-Budget)			-	3,003,999	3,003,999
TPAF Pension - NCGI Premium (Non-Budget)			-	53,843	53,843
TPAF Post Retirement Medical Contribution (Non-Budget)			-	1,134,404	1,134,404
TPAF Long Term Disability Insurance (Non-Budget)			-	2,895	2,895
TPAF Social Security Reimbursements (Non-Budget)	-	-	-	1,104,516	1,104,516
<b>Total State Sources</b>	<u>2,936,259</u>	<u>-</u>	<u>2,936,259</u>	<u>8,342,321</u>	<u>5,406,062</u>
Federal Sources					
Medicaid Reimbursement	19,219	-	19,219	18,096	(1,123)
<b>Total Federal Sources</b>	<u>19,219</u>	<u>-</u>	<u>19,219</u>	<u>18,096</u>	<u>(1,123)</u>
<b>Total Revenues</b>	<u>\$ 38,461,145</u>	<u>\$ -</u>	<u>\$ 38,461,145</u>	<u>\$ 43,967,836</u>	<u>\$ 5,506,691</u>
<b>EXPENDITURES</b>					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	\$ 125,290	\$ 33,165	\$ 158,455	\$ 148,987	\$ 9,468
Kindergarten	565,066	46,220	611,286	607,956	3,330
Grades 1-5	3,037,078	82,667	3,119,745	3,106,122	13,623
Grades 6-8	2,269,927	(45,000)	2,224,927	2,215,946	8,981
Grades 9-12	3,328,393	155,300	3,483,693	3,456,978	26,715
Regular Programs - Home Instruction					
Salaries of Teachers	10,000	-	10,000	1,020	8,980
Purchased Professional/Educational Services	10,000	-	10,000	3,650	6,350
General Supplies	500	(500)			-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	40,890	-	40,890	5,540	35,350
Purchased Professional/Educational Services	12,450	(2,761)	9,689	1,350	8,339
Purchased Technical Services	35,570	25	35,595	34,965	630
Other Purchased Services	241,648	88,904	330,552	328,458	2,094
General Supplies	531,162	(79,498)	451,664	416,917	34,747
General Supplies Acquired Under					
Lease-Purchase(Non-Budget)				403,948	(403,948)
Textbooks	69,884	(19,385)	50,499	44,502	5,997
Other Objects	34,450	12,373	46,823	22,859	23,964
<b>Total Regular Programs</b>	<u>10,312,308</u>	<u>271,510</u>	<u>10,583,818</u>	<u>10,799,198</u>	<u>(215,380)</u>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**EXHIBIT C-1**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES (Continued)</b>					
CURRENT (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 130,550	\$ 7,418	\$ 137,968	\$ 137,259	\$ 709
Other Salaries for Instruction	171,932	11,000	182,932	176,610	6,322
General Supplies	20,545	(6,486)	14,059	9,856	4,203
Textbooks	7,940	-	7,940	3,418	4,522
Total Learning and/or Language Disabilities	<u>330,967</u>	<u>11,932</u>	<u>342,899</u>	<u>327,143</u>	<u>15,756</u>
Multiple Disabilities					
Salaries of Teachers	191,170	(76,000)	115,170	94,427	20,743
Other Salaries for Instruction	125,984	(8,000)	117,984	114,525	3,459
General Supplies	41,282	(3,075)	38,207	14,038	24,169
Textbooks	10,780	-	10,780	2,723	8,057
Other Objects	15,000	(1,402)	13,598	3,541	10,057
Total Multiple Disabilities	<u>384,216</u>	<u>(88,477)</u>	<u>295,739</u>	<u>229,254</u>	<u>66,485</u>
Resource Room/Resource Center					
Salaries of Teachers	1,367,151	19,444	1,386,595	1,371,381	15,214
Other Salaries for Instruction	158,704	23,324	182,028	175,800	6,228
General Supplies	10,955	(3,002)	7,953	3,127	4,826
Textbooks	7,285	-	7,285	3,431	3,854
Total Resource Room/Resource Center	<u>1,544,095</u>	<u>39,766</u>	<u>1,583,861</u>	<u>1,553,739</u>	<u>30,122</u>
Autism					
Salaries of Teachers	260,950	7,790	268,740	265,053	3,687
Other Salaries for Instruction	625,277	(40,000)	585,277	568,925	16,352
General Supplies	23,450	(13,944)	9,506	4,489	5,017
Total Autism	<u>909,677</u>	<u>(46,154)</u>	<u>863,523</u>	<u>838,467</u>	<u>25,056</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	84,820	4,649	89,469	88,469	1,000
Other Salaries for Instruction	5,800	-	5,800	2,478	3,322
Total Preschool Disabilities - Part-Time	<u>90,620</u>	<u>4,649</u>	<u>95,269</u>	<u>90,947</u>	<u>4,322</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	61,675	(2,862)	58,813	58,563	250
Other Salaries for Instruction	297,083	(32,386)	264,697	255,549	9,148
General Supplies	14,200	(13,521)	679	679	-
Total Preschool Disabilities - Full-Time	<u>372,958</u>	<u>(48,769)</u>	<u>324,189</u>	<u>314,791</u>	<u>9,398</u>
Home Instruction					
Salaries of Teachers	1,200	1,340	2,540	1,940	600
Total Home Instruction	<u>1,200</u>	<u>1,340</u>	<u>2,540</u>	<u>1,940</u>	<u>600</u>
Total Special Education	<u>3,633,733</u>	<u>(125,713)</u>	<u>3,508,020</u>	<u>3,356,281</u>	<u>151,739</u>
Basic Skills/Remedial					
Salaries of Teachers	212,365	7,288	219,653	215,340	4,313
General Supplies	1,000	-	1,000	-	1,000
Total Basic Skills/Remedial	<u>213,365</u>	<u>7,288</u>	<u>220,653</u>	<u>215,340</u>	<u>5,313</u>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES (Continued)</b>					
CURRENT (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 188,020	\$ 3,419	\$ 191,439	\$ 191,212	\$ 227
General Supplies	1,000	(483)	517	-	517
Total Bilingual Education	<u>189,020</u>	<u>2,936</u>	<u>191,956</u>	<u>191,212</u>	<u>744</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	174,287	27,675	201,962	187,674	14,288
Purchased Services	10,200	-	10,200	4,180	6,020
Supplies and Materials	25,550	(485)	25,065	10,524	14,541
Other Objects	7,000	-	7,000	3,310	3,690
Total School Sponsored Co/Extra Curricular Activities	<u>217,037</u>	<u>27,190</u>	<u>244,227</u>	<u>205,688</u>	<u>38,539</u>
School Sponsored Athletics					
Salaries	425,042	-	425,042	421,099	3,943
Purchased Services	176,525	(2,365)	174,160	147,419	26,741
Supplies and Materials	64,400	2,365	66,765	49,733	17,032
Other Objects	18,200	-	18,200	17,692	508
Total School Sponsored Athletics	<u>684,167</u>	<u>-</u>	<u>684,167</u>	<u>635,943</u>	<u>48,224</u>
Instructional Alternative Ed Prog - Instruction					
Salaries of Teachers	40,000	36,000	76,000	64,680	11,320
General Supplies	500	-	500	-	500
Total Instructional/Alternative Ed Prog - Instruction	<u>40,500</u>	<u>36,000</u>	<u>76,500</u>	<u>64,680</u>	<u>11,820</u>
Total Instruction	<u>15,290,130</u>	<u>219,211</u>	<u>15,509,341</u>	<u>15,468,342</u>	<u>40,999</u>
Undistributed Expenditures					
Instruction (Tuition)					
Tuition to Other LEAs w/i State - Special	258,000	30,082	288,082	288,082	-
Tuition to County Voc. School Dist.-Regular	237,582	56,175	293,757	293,757	-
Tuition to County Voc. School Dist.- Special	129,672	96,880	226,552	226,552	-
Tuition to CSSD & Reg. Day Schools	265,672	(62,391)	203,281	203,281	-
Tuition to Priv.Sch. For the Disabled W/I State	720,259	18,916	739,175	725,036	14,139
Total Undistributed Expenditures - Instruction (Tuition)	<u>1,611,185</u>	<u>139,662</u>	<u>1,750,847</u>	<u>1,736,708</u>	<u>14,139</u>
Attendance and Social Work					
Salaries	112,525	5,841	118,366	118,366	-
Purchased Professional and Technical Services	39,500	(3,018)	36,482	32,723	3,759
Other Purchased Services	6,000	(283)	5,717	2,131	3,586
Supplies and Materials	2,000	252	2,252	692	1,560
Total Attendance and Social Work	<u>160,025</u>	<u>2,792</u>	<u>162,817</u>	<u>153,912</u>	<u>8,905</u>
Health Services					
Salaries	260,020	4,246	264,266	259,016	5,250
Purchased Professional and Technical Services	25,427	(27)	25,400	14,601	10,799
Other Purchased Services	1,000	-	1,000	-	1,000
Supplies and Materials	7,050	620	7,670	6,528	1,142
Total Health Services	<u>293,497</u>	<u>4,839</u>	<u>298,336</u>	<u>280,145</u>	<u>18,191</u>



**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**EXHIBIT C-1**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES (Continued)</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Speech, OT, PT & Related Serv.					
Salaries	\$ 375,030	\$ (10,273)	\$ 364,757	\$ 355,377	\$ 9,380
Purchased Professional/Educational Services	157,752	75,864	233,616	194,666	38,950
Supplies and Materials	7,900	(163)	7,737	4,539	3,198
Total Speech, OT, PT, & Related Serv.	<u>540,682</u>	<u>65,428</u>	<u>606,110</u>	<u>554,582</u>	<u>51,528</u>
Other Support Services - Students - Extra Serv.					
Salaries	783,504	(159,126)	624,378	595,158	29,220
Purchased Professional/Educational Services	566,100	(29,192)	536,908	431,117	105,791
Total Other Supp.Serv. Student - Extra Serv.	<u>1,349,604</u>	<u>(188,318)</u>	<u>1,161,286</u>	<u>1,026,275</u>	<u>135,011</u>
Guidance					
Salaries of Other Professional Staff	546,211	8,038	554,249	551,469	2,780
Salaries of Secretarial & Clerical Assistants	24,809	-	24,809	24,809	-
Purchased Professional-Educational Services	500	-	500	500	500
Other Purchased Professional and Technical Svs.	8,700	-	8,700	3,200	5,500
Other Purchased Services	300	-	300	300	300
Supplies and Materials	9,150	(1,520)	7,630	3,295	4,335
Other Objects	1,000	-	1,000	875	125
Total Guidance	<u>590,670</u>	<u>6,518</u>	<u>597,188</u>	<u>583,648</u>	<u>13,540</u>
Child Study Team					
Salaries of Other Professional Staff	928,186	18,077	946,263	931,170	15,093
Salaries of Secretarial & Clerical Assistants	132,289	901	133,190	132,123	1,067
Purchased Professional-Educational Services	49,400	(15,927)	33,473	31,578	1,895
Other Purchased Services	8,975	2,259	11,234	3,972	7,262
Residential Costs	3,100	(3,100)	-	-	-
Supplies and Materials	43,982	(288)	43,694	36,570	7,124
Other Objects	3,235	-	3,235	732	2,503
Total Child Study Team	<u>1,169,167</u>	<u>1,922</u>	<u>1,171,089</u>	<u>1,136,145</u>	<u>34,944</u>
Educational Media/School Library					
Salaries	230,037	18,353	248,390	248,310	80
Salaries of Technology Coordinators	135,074	1,501	136,575	136,575	-
Purchased Professional and Technical Services	11,000	(554)	10,446	5,016	5,430
Supplies and Materials	64,695	(526)	64,169	30,157	34,012
Other Objects	200	-	200	-	200
Total Educational Media/School Library	<u>441,006</u>	<u>18,774</u>	<u>459,780</u>	<u>420,058</u>	<u>39,722</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	24,850	(7,150)	17,700	6,720	10,980
Purchased Professional-Educational Services	49,700	-	49,700	35,507	14,193
Other Purchased Services	29,600	(130)	29,470	11,962	17,508
Total Instructional Staff Training Services	<u>104,150</u>	<u>(7,280)</u>	<u>96,870</u>	<u>54,189</u>	<u>42,681</u>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**EXHIBIT C-1**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES (Continued)</b>					
<b>CURRENT (Continued)</b>					
<b>Undistributed Expenditures (Continued)</b>					
<b>Support Services General Administration</b>					
Salaries	\$ 413,504	\$ 169,091	\$ 582,595	\$ 578,580	\$ 4,015
Legal Services	75,000	-	75,000	44,683	30,317
Audit Fees	37,000	42,013	79,013	44,606	34,407
Architectural / Engineering Services	30,000	-	30,000	4,271	25,729
Other Purchased Professional Services	7,500	87,387	94,887	28,088	66,799
Purchased Technical Services	9,000	-	9,000	-	9,000
Communications/Telephone	87,200	(17,056)	70,144	52,474	17,670
BOE Other Purchased Services	7,300	(1,200)	6,100	4,689	1,411
Miscellaneous Purchased Services	29,250	5,029	34,279	25,775	8,504
General Supplies	9,300	(5,329)	3,971	3,151	820
BOE In-House Training/Meeting Supplies	900	-	900	755	145
Miscellaneous Expenditures	4,525	-	4,525	2,554	1,971
BOE Membership Dues and Fees	13,000	-	13,000	12,777	223
<b>Total Support Services General Administration</b>	<u>723,479</u>	<u>279,935</u>	<u>1,003,414</u>	<u>802,403</u>	<u>201,011</u>
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals/Prog Director	871,848	81,358	953,206	952,490	716
Salaries of Other Professional Staff	667,620	(195,715)	471,905	468,305	3,600
Salaries of Secretarial and Clerical Assistants	389,774	4,362	394,136	389,955	4,181
Other Purchased Services	14,050	(476)	13,574	5,705	7,869
Supplies and Materials	41,975	1,738	43,713	31,498	12,215
Other Objects	17,267	(2,838)	14,429	8,954	5,475
<b>Total Support Services School Administration</b>	<u>2,002,534</u>	<u>(111,571)</u>	<u>1,890,963</u>	<u>1,856,907</u>	<u>34,056</u>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	460,998	1,858	462,856	457,590	5,266
Purchased Professional Services	5,000	(3,283)	1,717	1,000	717
Purchased Technical Services	23,230	2,000	25,230	24,904	326
Misc. Purchased Services	6,000	(1,283)	4,717	876	3,841
Supplies and Materials	6,000	-	6,000	5,264	736
Interest on Lease Purchase Agreements	29,750	1,283	31,033	22,778	8,255
Miscellaneous Expenditures	1,750	1,283	3,033	3,033	-
<b>Total Undistributed Expenditures - Central Services</b>	<u>532,728</u>	<u>1,858</u>	<u>534,586</u>	<u>515,445</u>	<u>19,141</u>
<b>Undistributed Expenditures - Admin. Info. Tech.</b>					
Salaries	233,746	1,151	234,897	234,897	-
Purchased Professional Services	5,500	(5,500)	-	-	-
Purchased Technical Services	43,700	(1,503)	42,197	41,897	300
Other Purchased Services	12,000	(9,796)	2,204	2,204	-
Supplies and Materials	90,450	38,255	128,705	82,697	46,008
<b>Total Undistributed Expenditures - Admin. Info. Tech.</b>	<u>385,396</u>	<u>22,607</u>	<u>408,003</u>	<u>361,695</u>	<u>46,308</u>
<b>Required Maintenance for School Facilities</b>					
Salaries	374,399	(23,355)	351,044	348,678	2,366
Cleaning, Repair and Maintenance Services	136,460	110,173	246,633	216,532	30,101
General Supplies	103,260	(575)	102,685	100,520	2,165
<b>Total Required Maintenance for School Facilities</b>	<u>614,119</u>	<u>86,243</u>	<u>700,362</u>	<u>665,730</u>	<u>34,632</u>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**EXHIBIT C-1**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES (Continued)</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 1,185,769	\$ (73,883)	\$ 1,111,886	\$ 1,065,842	\$ 46,044
Salaries of Non-Instructional Aides	154,597	394	154,991	154,991	-
Purchased Professional-Technical Services	36,790	(4,258)	32,532	9,735	22,797
Cleaning, Repair and Maintenance Services	156,985	(27,965)	129,020	106,016	23,004
Rental of Land and Bldg Other than Lease Purch. Agmt.	38,354	11,000	49,354	47,992	1,362
Other Purchased Property Services	45,000	3,840	48,840	38,980	9,860
Insurance	280,500	1,895	282,395	279,116	3,279
Miscellaneous Purchased Services	8,200	(3,840)	4,360	1,116	3,244
General Supplies	88,320	38,423	126,743	114,325	12,418
Energy (Natural Gas)	257,800	-	257,800	172,932	84,868
Energy (Electricity)	365,000	(880)	364,120	268,632	95,488
Energy (Gasoline)	6,000	880	6,880	5,245	1,635
Other Objects	350	100	450	450	-
Total Custodial Services	<u>2,623,665</u>	<u>(54,294)</u>	<u>2,569,371</u>	<u>2,265,372</u>	<u>303,999</u>
Care and Upkeep of Grounds					
Salaries	147,875	(15,059)	132,816	113,192	19,624
Cleaning, Repair and Maintenance Services	139,700	197,800	337,500	261,244	76,256
General Supplies	23,000	8,000	31,000	25,753	5,247
Total Care and Upkeep of Grounds	<u>310,575</u>	<u>190,741</u>	<u>501,316</u>	<u>400,189</u>	<u>101,127</u>
Security					
Purchased Professional-Technical Services	213,900	112	214,012	149,802	64,210
Cleaning, Repair and Maintenance Services	45,500	6,885	52,385	29,137	23,248
Total Security	<u>259,400</u>	<u>6,997</u>	<u>266,397</u>	<u>178,939</u>	<u>87,458</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	76,524	(4,000)	72,524	69,919	2,605
Salaries for Pupil Transportation (Between Home and and School) - Regular	47,339	49,001	96,340	67,134	29,206
Salaries for Pupil Transportation (Between Home and School) - Spec. Ed.	93,777	10,985	104,762	81,010	23,752
Salaries for Pupil Transportation (Other Than Between Home and School)	183,096	(15,183)	167,913	164,565	3,348
Other Purchased Professional and Technical Svs.	7,250	(628)	6,622	1,132	5,490
Cleaning, Repair and Maintenance Services	25,000	6,628	31,628	29,054	2,574
Lease Purchase Payment - School Buses	65,400	-	65,400	57,185	8,215
Contracted Services - Aid in Lieu Payments-Nonpublic Schools	206,000	39,179	245,179	157,079	88,100
Contracted Services - Aid in Lieu Payments - Choice Sch. Students	1,000	-	1,000	-	1,000
Contracted Services (Between Home and School) - Vendors	18,800	(8,179)	10,621	-	10,621
Contracted Services (Other Than Between Home and and School ) - Vendors	17,700	-	17,700	6,950	10,750
Contracted Services (Between Home and School) - Joint Agreement	45,000	-	45,000	39,901	5,099
Contracted Services (Special Ed Students) - Joint Agreement	40,000	(6,000)	34,000	3,575	30,425
Contracted Services (Reg. Students) - ESCs & CTSAs	55,000	-	55,000	16,814	38,186
Contracted Serv. (Spl. Ed. Students)- ESCs & CTSAs	310,000	(25,000)	285,000	184,590	100,410
General Supplies	5,000	100	5,100	3,778	1,322
Transportation Supplies	32,000	15,385	47,385	6,509	40,876
Other Objects	2,750	-	2,750	1,490	1,260
Total Student Transportation Services	<u>1,231,636</u>	<u>62,288</u>	<u>1,293,924</u>	<u>890,685</u>	<u>403,239</u>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES (Continued)</b>					
CURRENT (Continued)					
Unallocated Benefits- Employee Benefits					
Group Insurance	\$ 15,000	\$ 15,345	\$ 30,345	\$ 28,847	\$ 1,498
Social Security Contributions	600,000	12,000	612,000	594,870	\$ 17,130
Other Retirement Contributions - PERS	595,837	(23,200)	572,637	568,350	4,287
Other Retirement Contributions - Regular	20,000	(4,145)	15,855	13,272	2,583
Unemployment Compensation	45,000	(20,000)	25,000	20,000	5,000
Workmen's Compensation	151,000	5,651	156,651	156,651	-
Health Benefits	6,942,704	(306,264)	6,636,440	6,062,629	573,811
Tuition Reimbursement	59,400	(5,651)	53,749	41,632	12,117
Other Employee Benefits	174,550	65,074	239,624	227,133	12,491
Unused Sick Payment to Terminated/Retired Staff	42,000	55,470	97,470	97,470	-
<b>Total Unallocated Benefits</b>	<u>8,645,491</u>	<u>(205,720)</u>	<u>8,439,771</u>	<u>7,810,854</u>	<u>628,917</u>
On-Behalf (Non-Budget)					
TPAF Pension Contribution (Non-Budget)				3,003,999	(3,003,999)
TPAF Pension - NCGI Premium (Non-Budget)				53,843	(53,843)
TPAF Post Retirement Medical Contribution (Non-Budget)				1,134,404	(1,134,404)
TPAF Long Term Disability Insurance (Non-Budget)				2,895	(2,895)
TPAF Social Security Reimbursements (Non-Budget)	-	-	-	1,104,516	(1,104,516)
<b>Total On-Behalf</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,299,657</u>	<u>(5,299,657)</u>
<b>Total Undistributed Expenditures</b>	<u>23,589,009</u>	<u>323,421</u>	<u>23,912,430</u>	<u>26,993,538</u>	<u>(3,081,108)</u>
<b>Total Current Expenditures</b>	<u>38,879,139</u>	<u>542,632</u>	<u>39,421,771</u>	<u>42,461,880</u>	<u>(3,040,109)</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 1-5	42,400	(10,042)	32,358	32,358	-
Grades 6-8	17,800	(17,800)			-
Grades 9-12	31,400	(31,400)			-
School Sponsored Athletics		8,720	8,720	8,720	
Undistributed					
Instruction	64,000	5,580	69,580	56,559	13,021
Admin. Info. Tech.	17,000	(1,480)	15,520	15,520	-
Security	-	55,856	55,856	55,856	-
<b>Total Equipment</b>	<u>172,600</u>	<u>9,434</u>	<u>182,034</u>	<u>169,013</u>	<u>13,021</u>
Facilities Acquisition and Construction Services					
Lease Purchase Agreements - Principal	404,600	(714)	403,886	403,886	
Assessment for Debt Service on SDA Funding	40,094	-	40,094	40,094	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>444,694</u>	<u>(714)</u>	<u>443,980</u>	<u>443,980</u>	<u>-</u>
Interest Deposit to Capital Reserve	250	-	250	-	250
Assets Acquired Under Capital Lease (Non-Budget)					
Non-Instructional Equipment - School Buses	-	-	-	200,948	(200,948)
<b>Total Capital Outlay</b>	<u>617,544</u>	<u>8,720</u>	<u>626,264</u>	<u>813,941</u>	<u>(187,677)</u>

**NEW MILFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final Budget To Actual</b>
<b>EXPENDITURES (Continued)</b>					
Transfer of Funds to Charter Schools	\$ 18,000	\$ -	\$ 18,000	\$ 17,939	\$ 61
 Total General Fund	<u>39,514,683</u>	<u>551,352</u>	<u>40,066,035</u>	<u>43,293,760</u>	<u>(3,227,725)</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,053,538)</u>	<u>(551,352)</u>	<u>(1,604,890)</u>	<u>674,076</u>	<u>2,278,966</u>
 Other Financing Sources (Uses)					
Capital Leases Proceeds				200,948	200,948
Lease Purchase Proceeds				403,948	403,948
Transfers In - Enterprise Funds	-	-	-	3,668	3,668
 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,564</u>	<u>608,564</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(1,053,538)</u>	<u>(551,352)</u>	<u>(1,604,890)</u>	<u>1,282,640</u>	<u>2,887,530</u>
 Fund Balance, Beginning of Year	<u>5,235,948</u>	<u>-</u>	<u>5,235,948</u>	<u>5,235,948</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ 4,182,410</u>	<u>\$ (551,352)</u>	<u>\$ 3,631,058</u>	<u>\$ 6,518,588</u>	<u>\$ 2,887,530</u>
 <b>Reconciliation of Governmental Funds Statements (GAAP)</b>					
Restricted Fund Balance					
Capital Reserve				\$ 915,177	
Maintenance Reserve				440,439	
Emergency Reserve				400,324	
Excess Surplus (2021/22 Budget)				2,090,115	
Excess Surplus - Designated for Subsequent Year's Budget (2020/21 Budget)				1,597,596	
Assigned Fund Balance					
Year End Encumbrances				220,748	
Unassigned Fund Balance				<u>854,189</u>	
 Fund Balance- Budgetary Basis				<u>6,518,588</u>	
 Less: State Aid Revenue not recognized on GAAP basis				<u>(876,612)</u>	
Fund Balance per Governmental Funds Statements (GAAP)				<u>\$ 5,641,976</u>	

**NEW MILFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 467,236	\$ (29,120)	\$ 438,116	\$ 332,295	\$ (105,821)
Federal	944,107	99,115	1,043,222	881,898	(161,324)
Local Sources	<u>39,381</u>	<u>133,434</u>	<u>172,815</u>	<u>79,024</u>	<u>(93,791)</u>
Total Revenues	<u>1,450,724</u>	<u>203,429</u>	<u>1,654,153</u>	<u>1,293,217</u>	<u>(360,936)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	944,107	(635,387)	308,720	260,225	48,495
Purchased Professional/Technical Services	349,719	(308,282)	41,437	25,609	15,828
Other Purchased Services	63,341	218,405	281,746	265,857	15,889
General Supplies		242,032	242,032	180,169	61,863
Textbooks	32,360	(1,473)	30,887	25,450	5,437
Other Objects	-	-	-	-	-
Total Instruction	<u>1,389,527</u>	<u>(484,705)</u>	<u>904,822</u>	<u>757,310</u>	<u>147,512</u>
Support Services					
Salaries		38,832	38,832	24,887	13,945
Salaries of Other Professional Staff	-	159,360	159,360	159,360	-
Purchased Professional/Educational Services		80,596	80,596	38,253	42,343
Purchased Professional/Technical Services		87,897	87,897	73,081	14,816
Other Purchased Services		1,770	1,770	1,199	571
Supplies and Materials	39,381	85,786	125,167	2,180	122,987
Other Objects	-	-	-	-	-
Indirect Costs	-	2,981	2,981	-	2,981
Total Support Services	<u>39,381</u>	<u>457,222</u>	<u>496,603</u>	<u>298,960</u>	<u>197,643</u>
Unallocated Benefits					
Employee Benefits	-	157,944	157,944	157,944	-
Facilities Acquisition and Equipment					
Infrastructure		74,710	74,710	73,363	1,347
Instructional Equipment		-	-	-	-
Non-Instructional Equipment	<u>21,816</u>	<u>(1,742)</u>	<u>20,074</u>	<u>5,640</u>	<u>14,434</u>
Total Facilities Acquisition and Equipment	<u>21,816</u>	<u>72,968</u>	<u>94,784</u>	<u>79,003</u>	<u>15,781</u>
Total Expenditures	<u>1,450,724</u>	<u>203,429</u>	<u>1,654,153</u>	<u>1,293,217</u>	<u>360,936</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, 2020**

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>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	(C-1) \$ 43,967,836	(C-2) \$ 1,293,217
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, 2020		(66,877)
Encumbrances June 30, 2019		29,692
State Aid payments not recognized for budgetary purposes, recognized for GAAP statements. 2018/2019 State Aid	1,166,063	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. 2019/2020 State Aid	<u>(876,612)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>44,257,287</u>	(B-2) \$ <u>1,256,032</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 43,293,760	(C-2) \$ 1,293,217
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, 2020		(66,877)
Encumbrances June 30, 2019	<u>-</u>	<u>29,692</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>43,293,760</u>	(B-2) \$ <u>1,256,032</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 Seven Fiscal Years\*

	<u>2020</u>	<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)	0.05533%	0.05621%	.04963%	.05169%	0.04849%	0.04851%	0.04559%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 9,969,313</u>	<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>\$ 3,807,580</u>	<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	261.83%	295.77%	312.00%	461.12%	322.66%	281.59%	271.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	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 Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 538,183	\$ 559,097	\$ 459,824	\$ 459,185	\$ 420,753	\$ 399,988	\$ 347,694
Contributions in Relation to the Contractually Required Contribution	<u>538,183</u>	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 3,952,879</u>	<u>\$ 3,807,580</u>	<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>
Contributions as a Percentage of Covered Payroll	13.61%	14.68%	12.29%	12.40%	12.67%	11.75%	10.78%

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 Seven Fiscal Years\***

	<u>2020</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>85,416,541</u>	<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>
<b>Total</b>	<b><u>\$ 85,416,541</u></b>	<b><u>\$ 83,487,984</u></b>	<b><u>\$ 87,478,841</u></b>	<b><u>\$ 103,954,407</u></b>	<b><u>\$ 80,628,389</u></b>	<b><u>\$ 65,249,801</u></b>	<b><u>\$ 63,067,602</u></b>
District's Covered Payroll	<u>\$ 14,674,961</u>	<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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	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, 2020**

**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 Three Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 2,548,006	\$ 2,723,092	\$ 3,316,095
Interest on Total OPEB Liability	2,186,399	2,290,845	1,955,197
Changes of Benefit Terms			-
Differences Between Expected and Actual Experience	(7,940,069)	(4,595,442)	-
Changes of Assumptions	756,479	(6,276,705)	(8,186,710)
Gross Benefit Payments	(1,557,447)	(1,462,567)	(1,716,096)
Contribution from the Member	<u>46,167</u>	<u>50,549</u>	<u>63,191</u>
<b>Net Change in Total OPEB Liability</b>	(3,960,465)	(7,270,228)	(4,568,323)
<b>Total OPEB Liability - Beginning</b>	<u>54,696,566</u>	<u>61,966,794</u>	<u>66,535,117</u>
<b>Total OPEB Liability - Ending</b>	<u>50,736,101</u>	<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>50,736,101</u>	<u>54,696,566</u>	<u>61,966,794</u>
Total OPEB Liability - Ending	<u>\$ 50,736,101</u>	<u>\$ 54,696,566</u>	<u>\$ 61,966,794</u>
<b>District's Covered-Employee Payroll</b>	<u>\$ 18,482,541</u>	<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%	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, 2020**

**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, 2020

REVENUES	CARES	Local Grants	Ch. 192 Svcs.			Ch. 193 Svcs.			Total Page 2	Grand Total 2020
			Nonpublic Compensatory Education	Nonpublic ESL	Nonpublic Transport.	Nonpublic Supplemental Instruction	Nonpublic Exam./ Classification.	Nonpublic Corrective Speech		
Intergovernmental										
State			\$ 50,211	\$ 17,454		\$ 13,090	\$ 35,311	\$ 15,220	\$ 201,009	\$ 332,295
Federal	53,308								828,590	881,898
Local Sources	\$ -	\$ 79,024	-	-	-	-	-	-	-	79,024
<b>Total Revenues</b>	<b>\$ 53,308</b>	<b>\$ 79,024</b>	<b>\$ 50,211</b>	<b>\$ 17,454</b>	<b>\$ -</b>	<b>\$ 13,090</b>	<b>\$ 35,311</b>	<b>\$ 15,220</b>	<b>\$ 1,029,599</b>	<b>\$ 1,293,217</b>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers			\$ 38,857	\$ 5,708		\$ 10,581			\$ 205,079	\$ 260,225
Purchased Professional & Technical Services			11,354	11,746		2,509			-	25,609
Other Purchased Services		\$ 21							265,836	265,857
General Supplies	\$ 53,128	-							127,041	180,169
Textbooks									25,450	25,450
Other Objects	-	-	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>53,128</b>	<b>21</b>	<b>50,211</b>	<b>17,454</b>	<b>-</b>	<b>13,090</b>	<b>-</b>	<b>-</b>	<b>623,406</b>	<b>757,310</b>
Support Services										
Salaries							\$ 9,667	\$ 15,220	-	24,887
Salaries of Other Professional Staff									159,360	159,360
Personal Services Employee-Benefits									157,944	157,944
Purchased Professional/ Educational Services									38,253	38,253
Purchased Professional & Technical Services							25,644		47,437	73,081
Other Purchased Services									1,199	1,199
Supplies and Materials	180								2,000	2,180
Other Objects									-	-
Indirect Costs	-	-	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,311</b>	<b>15,220</b>	<b>406,193</b>	<b>456,904</b>
Capital Outlay										
Non - Instructional Equipment	-	5,640	-	-	-	-	-	-	-	5,640
Infrastructure	-	73,363	-	-	-	-	-	-	-	73,363
<b>Total Capital Outlay</b>	<b>-</b>	<b>79,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,003</b>
<b>Total Expenditures</b>	<b>\$ 53,308</b>	<b>\$ 79,024</b>	<b>\$ 50,211</b>	<b>\$ 17,454</b>	<b>\$ -</b>	<b>\$ 13,090</b>	<b>\$ 35,311</b>	<b>\$ 15,220</b>	<b>\$ 1,029,599</b>	<b>\$ 1,293,217</b>

(Continued)

NEW MILFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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
<b>REVENUES</b>											
Intergovernmental											
State											
Federal	\$ 162,694	\$ 31,394	\$ 23,880	\$ 1,016	\$ 585,823	\$ 23,783	\$ 60,722	\$ 25,450	\$ 93,818	\$ 21,019	\$ 201,009
Local Sources	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 162,694</u>	<u>\$ 31,394</u>	<u>\$ 23,880</u>	<u>\$ 1,016</u>	<u>\$ 585,823</u>	<u>\$ 23,783</u>	<u>\$ 60,722</u>	<u>\$ 25,450</u>	<u>\$ 93,818</u>	<u>\$ 21,019</u>	<u>\$ 1,029,599</u>
<b>EXPENDITURES</b>											
Instruction											
Salaries of Teachers	\$ 116,000		\$ 8,500		\$ 59,560					\$ 21,019	\$ 205,079
Purchased Professional & Technical Services											-
Other Purchased Services					500	204,614	\$ 60,722				265,836
General Supplies	6,094		11,206	\$ 516	9,667	\$ 5,740			\$ 93,818		127,041
Textbooks								\$ 25,450			25,450
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>122,094</u>	<u>-</u>	<u>19,706</u>	<u>1,016</u>	<u>273,841</u>	<u>5,740</u>	<u>60,722</u>	<u>25,450</u>	<u>93,818</u>	<u>21,019</u>	<u>623,406</u>
Support Services											
Salaries											-
Salaries of Other Professional Staff					159,360						159,360
Personal Services Employee-Benefits	40,600		2,975		114,369						157,944
Purchased Professional/ Educational Services					38,253						38,253
Purchased Professional & Technical Services		\$ 29,394				18,043					47,437
Other Purchased Services			1,199								1,199
Supplies and Materials		2,000									2,000
Other Objects											-
Indirect Costs	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>40,600</u>	<u>31,394</u>	<u>4,174</u>	<u>-</u>	<u>311,982</u>	<u>18,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,193</u>
Total Expenditures	<u>\$ 162,694</u>	<u>\$ 31,394</u>	<u>\$ 23,880</u>	<u>\$ 1,016</u>	<u>\$ 585,823</u>	<u>\$ 23,783</u>	<u>\$ 60,722</u>	<u>\$ 25,450</u>	<u>\$ 93,818</u>	<u>\$ 21,019</u>	<u>\$ 1,029,599</u>

**NEW MILFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**NEW MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue/ Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30,2020</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Installation of artificial turf on football and soccer fields and reconstruction of the track at the New Milford High School	\$ 2,619,300	\$ 225,434	\$ 2,359,364	\$ 34,502
	\$ 2,619,300	\$ 225,434	\$ 2,359,364	\$ 34,502
<b><u>Reconciliation to GAAP</u></b>				
				\$ 34,502
				\$ 34,502
<b><u>Recapitulation of Fund Balance</u></b>				
				\$ 25,541
				8,961
				\$ 34,502

**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, 2020**

<b>Revenues and Other Financing Sources</b>	
Interest	\$ 9,791
Total Revenues and Other Financing Sources	<u>9,791</u>
<b>Expenditures and Other Financing Uses</b>	
Architect/Engineering Fees	8,242
Construction Services	2,345,667
Other Objects	<u>5,455</u>
Total Expenditures and Other Financing Uses	<u>2,359,364</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,349,573)
Fund Balance, Beginning of Year	<u>2,384,075</u>
Fund Balance - End of Year	<u>\$ 34,502</u>
<b>Reconciliation to GAAP Basis</b>	
<hr/>	
Fund Balance, June 30, 2020 - Budgetary Basis	<u>\$ 34,502</u>
Fund Balance, June 30, 2020 - GAAP Basis	<u>\$ 34,502</u>

**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, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Capital Lease Proceeds	\$ 2,000,000		\$ 2,000,000	\$ 2,000,000
Transfer from Capital Reserve	600,000		600,000	600,000
Interest	<u>9,509</u>	<u>\$ 9,791</u>	<u>19,300</u>	<u>19,300</u>
 Total Revenues	 <u>2,609,509</u>	 <u>9,791</u>	 <u>2,619,300</u>	 <u>2,619,300</u>
 <b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Legal Services	4,583		4,583	4,583
Architect/Engineering Fees	178,951	8,242	187,193	187,193
Construction Services		2,345,667	2,345,667	1,066,914
Other Objects	<u>41,900</u>	<u>5,455</u>	<u>47,355</u>	<u>1,360,610</u>
 Total Expenditures and other Financing Sources	 <u>225,434</u>	 <u>2,359,364</u>	 <u>2,584,798</u>	 <u>2,619,300</u>
 Excess of Revenues over Expenditures	 <u>\$ 2,384,075</u>	 <u>\$ (2,349,573)</u>	 <u>\$ 34,502</u>	 <u>\$ -</u>
 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>19,300</u>			
Revised Authorized Cost	<u>\$ 2,619,300</u>			
 Percentage Increase (Decrease) over Original Authorized				
Cost	0.74%			
Percentage Completion	98.68%			
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, 2020

	<u>Non-Major Enterprise Funds</u>			<u>Total</u>
	<u>Broadway Kids Summer Program</u>	<u>After School Enrichment Program</u>	<u>Summer Music Program</u>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,378	\$ 33,472	\$ 8,090	\$ 57,940
Total Assets	<u>16,378</u>	<u>33,472</u>	<u>8,090</u>	<u>57,940</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accrued Salaries and Wages	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Current Liabilities	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
<b>NET POSITION</b>				
Unrestricted	<u>16,378</u>	<u>31,972</u>	<u>8,090</u>	<u>56,440</u>
Total Net Position	<u>\$ 16,378</u>	<u>\$ 31,972</u>	<u>\$ 8,090</u>	<u>\$ 56,440</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, 2020**

	<u>Non-Major Enterprise Funds</u>			<u>Total</u>
	<u>Broadway Kids Summer Program</u>	<u>After School Enrichment Program</u>	<u>Summer Music Program</u>	
<b>OPERATING REVENUES</b>				
Charges for Services				
Program Fees	\$ 23,290	\$ -	\$ 10,755	\$ 34,045
	<u>23,290</u>	<u>-</u>	<u>10,755</u>	<u>34,045</u>
Total Operating Revenues				
<b>OPERATING EXPENSES</b>				
Salaries and Employee Benefits	5,748	1,500	2,765	10,013
Supplies and Materials	4,429	-	-	4,429
	<u>10,177</u>	<u>1,500</u>	<u>2,765</u>	<u>14,442</u>
Total Operating Expenses				
Operating Income (Loss)	<u>13,113</u>	<u>(1,500)</u>	<u>7,990</u>	<u>19,603</u>
<b>NONOPERATING REVENUES</b>				
Interest	<u>221</u>	<u>302</u>	<u>-</u>	<u>523</u>
Total Nonoperating Revenue	<u>221</u>	<u>302</u>	<u>-</u>	<u>523</u>
Change in Net Position Before Transfers	13,334	(1,198)	7,990	20,126
Transfers Out	<u>(221)</u>	<u>(346)</u>	<u>-</u>	<u>(567)</u>
Change in Net Position	13,113	(1,544)	7,990	19,559
Total Net Position , Beginning of Year	<u>3,265</u>	<u>33,516</u>	<u>100</u>	<u>36,881</u>
Total Net Position, End of Year	<u>\$ 16,378</u>	<u>\$ 31,972</u>	<u>\$ 8,090</u>	<u>\$ 56,440</u>

NEW MILFORD BOARD OF EDUCATION  
ENTERPRISE FUND - NON-MAJOR  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Non-Major Enterprise Funds			<u>Total</u>
	<u>Broadway Kids Summer Program</u>	<u>After School Enrichment Program</u>	<u>Sumer Music Program</u>	
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 16,069		\$ 10,755	\$ 26,824
Cash Payments for Employees Salaries & Benefits	(5,748)	\$ (600)	(2,765)	(9,113)
Cash Payments to Suppliers for Goods and Services	(4,429)	(712)	-	(5,141)
Net Cash Provided/(Used) by Operating Activities	<u>5,892</u>	<u>(1,312)</u>	<u>7,990</u>	<u>12,570</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Cash Payments from/(to) Other Funds	(221)	(346)	-	(567)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(221)</u>	<u>(346)</u>	<u>-</u>	<u>(567)</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	221	302	-	523
Net Cash Provided by Investing Activities	<u>221</u>	<u>302</u>	<u>-</u>	<u>523</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	5,892	(1,356)	7,990	12,526
Cash and Cash Equivalents, Beginning of Year	10,486	34,828	100	45,414
Cash and Cash Equivalents, End of Year	<u>\$ 16,378</u>	<u>\$ 33,472</u>	<u>\$ 8,090</u>	<u>\$ 57,940</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income/(Loss)	\$ 13,113	\$ (1,500)	\$ 7,990	\$ 19,603
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		900		900
Increase/(Decrease) in Unearned Revenue	(7,221)	-	-	(7,221)
Total Adjustments	<u>(7,221)</u>	<u>188</u>	<u>-</u>	<u>(7,033)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,892</u>	<u>\$ (1,312)</u>	<u>\$ 7,990</u>	<u>\$ 12,570</u>

**FIDUCIARY FUNDS**

**NEW MILFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 250,928	\$ 388,741	\$ 639,669
Due from Other Fund	<u>-</u>	<u>22,817</u>	<u>22,817</u>
Total Assets	<u>\$ 250,928</u>	<u>\$ 411,558</u>	<u>\$ 662,486</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages		\$ 8,602	\$ 8,602
Payroll Deductions and Withholdings (Deficit)		(34,797)	(34,797)
Employee Deposits Payable		437,753	437,753
Due to Student Groups	<u>\$ 250,928</u>	<u>-</u>	<u>250,928</u>
Total Liabilities	<u>\$ 250,928</u>	<u>\$ 411,558</u>	<u>\$ 662,486</u>

**NEW MILFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<b>Balance, July 1, <u>2019</u></b>	<b><u>Receipts</u></b>	<b><u>Disbursements</u></b>	<b>Balance, June 30, <u>2020</u></b>
GIBBS SCHOOL	\$ 24,061	\$ 3,469	\$ 204	\$ 27,326
BERKLEY SCHOOL	7,214	2,776	3,328	6,662
FIELD TRIPS	134	739	730	143
MIDDLE SCHOOL	36,700	90,584	61,820	65,464
HIGH SCHOOL				
Activity Account	114,267	206,758	191,948	129,077
Athletic Account	<u>19,611</u>	<u>46,873</u>	<u>44,228</u>	<u>22,256</u>
Total All Schools	<u>\$ 201,987</u>	<u>\$ 351,199</u>	<u>\$ 302,258</u>	<u>\$ 250,928</u>



**NEW MILFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Balance, July 1, <u>2019</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b>Balance, June 30, <u>2020</u></b>
<b>ASSETS</b>				
Cash	\$ 427,581	\$ 25,797,374	\$ 25,836,214	\$ 388,741
Due from Other Funds	<u>-</u>	<u>22,817</u>	<u>-</u>	<u>22,817</u>
 Total Assets	 <u>\$ 427,581</u>	 <u>\$ 25,820,191</u>	 <u>\$ 25,836,214</u>	 <u>\$ 411,558</u>
<b>LIABILITIES</b>				
Accrued Salaries and Wages	\$ 473	\$ 14,425,915	\$ 14,417,786	\$ 8,602
Payroll Deductions and Withholdings (Deficit)	1,899	10,932,900	10,969,596	(34,797)
Employee Deposits Payable	423,654	438,559	424,460	437,753
Due to Other Funds	<u>1,555</u>	<u>-</u>	<u>1,555</u>	<u>-</u>
 Total Liabilities	 <u>\$ 427,581</u>	 <u>\$ 25,797,374</u>	 <u>\$ 25,813,397</u>	 <u>\$ 411,558</u>

**LONG-TERM DEBT**

**NEW MILFORD BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2019</u>	<u>Decreased</u>	<u>Balance, June 30, 2020</u>
Refunding Bonds	4/15/2009	\$ 4,515,000	8/15/2020	\$ 425,000	4.00%	<u>\$ 855,000</u>	<u>\$ 430,000</u>	<u>\$ 425,000</u>
						<u>\$ 855,000</u>	<u>\$ 430,000</u>	<u>\$ 425,000</u>
					Paid by Budget Appropriation		<u>\$ 430,000</u>	

**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, 2020**

<u>Capital Leases</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
Kubota Backhoe Loader	0.00%	\$ 49,911	\$ 20,433		\$ 20,433	\$ -
2017 49 Passenger School Bus	2.20%	100,293	40,539		20,049	20,490
2019 28 Passenger School Bus	3.70%	100,691	100,691		18,702	81,989
High School Field Renovations	2.73%	2,000,000	2,000,000		403,886	1,596,114
Security Cameras	4.03%	163,660		\$ 163,660		163,660
Steinway Piano		37,288	-	37,288	9,322	27,966
Total Capital Leases			<u>\$ 2,161,663</u>	<u>\$ 200,948</u>	<u>\$ 472,392</u>	<u>\$ 1,890,219</u>
				Paid by Budget Appropriation	<u>\$ 472,392</u>	
 <u>Lease Purchase Agreements</u>						
Purchase of Chromebook Laptops and Supplies	3.87%	\$ 318,835	\$ 208,499		\$ 102,272	\$ 106,227
Purchase of Chromebook Laptops and Supplies	3.201%	330,540		\$ 330,540	86,581	243,959
Purchase of Chromebook Laptops and Supplies	3.90%	73,408	-	73,408	25,511	47,897
Total Lease Purchase Agreements			<u>\$ 208,499</u>	<u>\$ 403,948</u>	<u>\$ 214,364</u>	<u>\$ 398,083</u>
				Paid by Budget Appropriation	<u>\$ 214,364</u>	

**NEW MILFORD BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 455,600	-	\$ 455,600	\$ 455,600	\$ -
Total Revenues	<u>455,600</u>	<u>-</u>	<u>455,600</u>	<u>455,600</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	430,000		430,000	430,000	
Interest on Bonds	<u>25,600</u>	<u>-</u>	<u>25,600</u>	<u>25,600</u>	<u>-</u>
Total Expenditures	<u>455,600</u>	<u>-</u>	<u>455,600</u>	<u>455,600</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,									
	2011	2012 (Restated)	2013	2014 (Restated)	2015	2016 (Restated)	2017	2018	2019	2020
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 19,604,190
Restricted	1,612,894	1,591,439	1,807,108	2,070,989	852,217	547,609	405,594	930,816	1,318,968	1,390,118
Unrestricted	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)	(8,288,984)
<b>Total Governmental Activities Net Position</b>	<b>\$ 19,597,851</b>	<b>\$ 20,914,076</b>	<b>\$ 21,936,890</b>	<b>\$ 13,433,098</b>	<b>\$ 13,748,303</b>	<b>\$ 12,100,906</b>	<b>\$ 11,060,932</b>	<b>\$ 11,032,284</b>	<b>\$ 11,715,765</b>	<b>\$ 12,705,324</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 91,207	\$ 83,657	\$ 89,469	\$ 86,190	\$ 87,431	\$ 73,037	\$ 114,265	\$ 114,669	\$ 98,325	\$ 94,225
Restricted										
Unrestricted	410,103	463,927	499,795	570,601	568,752	536,454	464,276	408,289	475,140	467,443
<b>Total Business-Type Activities Net Position</b>	<b>\$ 501,310</b>	<b>\$ 547,584</b>	<b>\$ 589,264</b>	<b>\$ 656,791</b>	<b>\$ 656,183</b>	<b>\$ 609,491</b>	<b>\$ 578,541</b>	<b>\$ 522,958</b>	<b>\$ 573,465</b>	<b>\$ 561,668</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 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	\$ 19,698,415
Restricted	1,612,894	1,591,439	1,807,108	2,070,989	852,217	547,609	405,594	930,816	1,318,968	1,390,118
Unrestricted	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)	(7,821,541)
<b>Total District Net Position</b>	<b>\$ 20,099,161</b>	<b>\$ 21,461,660</b>	<b>\$ 22,526,154</b>	<b>\$ 14,089,889</b>	<b>\$ 14,404,486</b>	<b>\$ 12,710,397</b>	<b>\$ 11,639,473</b>	<b>\$ 11,555,242</b>	<b>\$ 12,289,230</b>	<b>\$ 13,266,992</b>

Note 1 - 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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 18,785,647
Special Education	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	7,507,123
Other Instruction	306,805	409,371	292,546	417,445	504,294	580,206	703,985	756,966	706,321	741,526
School Sponsored Activities and Athletics	778,712	865,317	1,024,342	991,372	1,090,855	1,197,498	1,441,874	1,478,110	1,469,545	1,620,594
<b>Support Services:</b>										
Student & Instruction Related Services	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	6,723,080
General Administration Services	824,124	853,216	881,409	871,600	1,240,434	987,168	1,103,769	1,123,555	1,030,992	1,507,792
School Administrative Services	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	3,143,203
Central and Other Support Services	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	1,443,331
Plant Operations and Maintenance	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	5,244,712
Pupil Transportation	865,280	907,675	977,399	1,001,579	1,028,715	1,174,887	1,223,166	1,183,655	1,232,329	1,122,352
Interest On Long-Term Debt	158,376	145,533	129,936	112,175	98,437	84,856	68,297	46,488	35,955	88,524
<b>Total Governmental Activities Expenses</b>	<u>30,765,528</u>	<u>32,010,853</u>	<u>33,851,145</u>	<u>35,113,563</u>	<u>40,549,808</u>	<u>42,067,053</u>	<u>47,169,060</u>	<u>49,158,550</u>	<u>47,995,878</u>	<u>47,927,884</u>
<b>Business-Type Activities:</b>										
Food Service	640,819	645,761	658,157	667,601	688,173	758,581	753,051	888,859	764,959	577,310
Knight Care Latch Key Program	286,257	301,876	348,778	382,395	404,012	470,431	440,947	365,999	387,794	332,243
Broadway Kids Summer Enrichment Program	6,685	11,472	14,982	18,795	18,407	17,080	19,181	24,458	21,459	10,177
After School Enrichment Program	-	14,445	5,718	17,588	13,062	6,181	10,747	11,107	12,652	1,500
Summer Music Program	-	-	-	-	-	-	-	13,680	12,550	2,765
<b>Total Business-Type Activities Expense</b>	<u>933,761</u>	<u>973,554</u>	<u>1,027,635</u>	<u>1,086,379</u>	<u>1,123,654</u>	<u>1,252,273</u>	<u>1,223,926</u>	<u>1,304,103</u>	<u>1,199,414</u>	<u>923,995</u>
<b>Total District Expenses</b>	<u>\$ 31,699,289</u>	<u>\$ 32,984,407</u>	<u>\$ 34,878,780</u>	<u>\$ 36,199,942</u>	<u>\$ 41,673,462</u>	<u>\$ 43,319,326</u>	<u>\$ 48,392,986</u>	<u>\$ 50,462,653</u>	<u>\$ 49,195,292</u>	<u>\$ 48,851,879</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Regular Education								\$ 6,721	\$ 47,070	\$ 31,862
Special Education	\$ 1,400	\$ 95,327	\$ 96,987	\$ 175,006	\$ 348,161	\$ 396,222	\$ 460,111	729,067	988,020	1,050,265
Pupil Transportation	14,103	11,430	22,681	23,837	31,003	14,005	50,308	21,786	21,325	25,506
Operating Grants And Contributions	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	12,191,311
Capital Grants And Contributions	80,991	7,952	7,952	77,215	798,271	-	63,532	13,145	242,099	79,003
<b>Total Governmental Activities Program Revenues</b>	<u>4,697,637</u>	<u>5,097,410</u>	<u>5,930,083</u>	<u>5,682,900</u>	<u>10,474,814</u>	<u>10,677,884</u>	<u>13,697,538</u>	<u>15,718,695</u>	<u>14,182,075</u>	<u>13,377,947</u>
<b>Business-Type Activities:</b>										
<b>Charges For Services:</b>										
Food Service	542,826	516,655	512,723	549,519	548,960	611,632	605,142	617,570	603,824	415,018
Knight Care Latch Key Program	317,699	318,530	358,421	377,202	368,789	369,270	348,163	384,851	394,999	322,433
Broadway Kids Summer Enrichment Prgm	-	12,525	15,790	17,952	17,799	18,875	20,343	23,102	22,737	23,290
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	10,755
Operating Grants And Contributions	144,535	148,648	172,751	184,209	171,149	194,753	204,233	195,703	195,791	139,431
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<u>1,011,700</u>	<u>1,014,368</u>	<u>1,068,715</u>	<u>1,153,122</u>	<u>1,122,097</u>	<u>1,204,300</u>	<u>1,191,426</u>	<u>1,247,301</u>	<u>1,247,791</u>	<u>910,927</u>
<b>Total District Program Revenues</b>	<u>\$ 5,709,337</u>	<u>\$ 6,111,778</u>	<u>\$ 6,998,798</u>	<u>\$ 6,836,022</u>	<u>\$ 11,596,911</u>	<u>\$ 11,882,184</u>	<u>\$ 14,888,964</u>	<u>\$ 16,965,996</u>	<u>\$ 15,429,866</u>	<u>\$ 14,288,874</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	\$ (34,549,937)
Business-Type Activities	77,939	40,814	41,080	66,743	(1,557)	(47,973)	(32,500)	(56,802)	48,377	(13,068)
<b>Total District-Wide Net Expense</b>	<u>\$ (25,989,952)</u>	<u>\$ (26,872,629)</u>	<u>\$ (27,879,982)</u>	<u>\$ (29,363,920)</u>	<u>\$ (30,076,551)</u>	<u>\$ (31,437,142)</u>	<u>\$ (33,504,022)</u>	<u>\$ (33,496,657)</u>	<u>\$ (33,765,426)</u>	<u>\$ (34,563,005)</u>



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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues And Other Changes In Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes	\$ 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	\$ 34,441,752
Property Taxes Levied For Debt Service	520,050	488,862	521,650	524,500	523,725	530,300	517,800	495,300	477,900	455,600
State Aid, Unrestricted	21,712	238,062	340,942	323,248	363,388	365,248	370,650	440,266	389,442	570,651
Investment Earnings	33,424	14,749	17,419	18,622	20,577	21,585	23,979	26,470	86,897	63,157
Miscellaneous Income	282,365	69,196	91,839	194,654	70,280	67,882	79,866	78,592	45,806	4,668
Transfers		(4,756)				1,969	1,481	1,588	4,824	3,668
<b>Total Governmental Activities</b>	<b>27,769,774</b>	<b>28,229,668</b>	<b>28,943,876</b>	<b>29,641,641</b>	<b>30,390,199</b>	<b>31,544,420</b>	<b>32,431,548</b>	<b>33,411,207</b>	<b>34,497,284</b>	<b>35,539,496</b>
Business-Type Activities:										
Investment Earnings	\$ 574	\$ 704	\$ 600	\$ 784	\$ 949	\$ 3,250	\$ 3,031	\$ 2,807	\$ 6,954	\$ 4,939
Transfers	-	4,756				(1,969)	(1,481)	(1,588)	(4,824)	(3,668)
<b>Total Business-Type Activities</b>	<b>574</b>	<b>5,460</b>	<b>600</b>	<b>784</b>	<b>949</b>	<b>1,281</b>	<b>1,550</b>	<b>1,219</b>	<b>2,130</b>	<b>1,271</b>
<b>Total District-Wide</b>	<b>\$ 27,770,348</b>	<b>\$ 28,235,128</b>	<b>\$ 28,944,476</b>	<b>\$ 29,642,425</b>	<b>\$ 30,391,148</b>	<b>\$ 31,545,701</b>	<b>\$ 32,433,098</b>	<b>\$ 33,412,426</b>	<b>\$ 34,499,414</b>	<b>\$ 35,540,767</b>
<b>Change In Net Position</b>										
Governmental Activities	\$ 1,701,883	\$ 1,316,225	\$ 1,022,814	\$ 210,978	\$ 315,205	\$ 155,251	\$ (1,039,974)	\$ (28,648)	\$ 683,481	\$ 989,559
Business-Type Activities	78,513	46,274	41,680	67,527	(608)	(46,692)	(30,950)	(55,583)	50,507	(11,797)
<b>Total District</b>	<b>\$ 1,780,396</b>	<b>\$ 1,362,499</b>	<b>\$ 1,064,494</b>	<b>\$ 278,505</b>	<b>\$ 314,597</b>	<b>\$ 108,559</b>	<b>\$ (1,070,924)</b>	<b>\$ (84,231)</b>	<b>\$ 733,988</b>	<b>\$ 977,762</b>

Source: District's financial statements

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
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	\$ 5,443,651
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	220,748
Unassigned	203,491	104,153	73,923	69,119	112,083	114,367	145,093	155,332	129,221	(22,423)
<b>Total General Fund</b>	<b>\$ 2,983,272</b>	<b>\$ 3,868,897</b>	<b>\$ 4,760,994</b>	<b>\$ 4,672,506</b>	<b>\$ 2,682,838</b>	<b>\$ 2,779,824</b>	<b>\$ 2,721,090</b>	<b>\$ 3,518,875</b>	<b>\$ 4,069,885</b>	<b>\$ 5,641,976</b>
All Other Governmental Funds										
Restricted	\$ 85,122	\$ 52,834	\$ 5,650	\$ 5,650	\$ 464,869	\$ 417,416			\$ 2,384,075	\$ 34,502
Unassigned				(101,785)	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 85,122</b>	<b>\$ 52,834</b>	<b>\$ 5,650</b>	<b>\$ (96,135)</b>	<b>\$ 464,869</b>	<b>\$ 417,416</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,384,075</b>	<b>\$ 34,502</b>

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Property Tax Levy	\$ 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	\$ 34,897,352
Tuition Charges	1,400	95,327	96,987	175,006	348,161	396,222	460,111	735,788	1,035,090	1,082,127
Transportation Fees	14,103	11,430	22,681	23,837	31,003	14,005	50,308	21,786	21,325	25,506
Interest Earnings	33,424	14,749	17,419	18,622	20,577	21,585	23,979	26,470	86,897	63,157
Miscellaneous	289,865	76,896	100,190	203,154	93,272	99,518	107,768	118,231	71,190	57,357
State Sources	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	8,964,067
Federal Sources	996,985	772,989	765,804	776,445	723,262	806,205	859,521	723,504	796,936	889,144
<b>Total Revenue</b>	<b>32,433,651</b>	<b>33,331,834</b>	<b>34,866,007</b>	<b>35,315,183</b>	<b>37,344,154</b>	<b>38,355,258</b>	<b>39,776,255</b>	<b>41,913,105</b>	<b>44,511,903</b>	<b>45,978,710</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	17,166,332
Special Education Instruction	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	7,057,272
Other Instruction	306,805	409,371	292,546	417,445	437,067	521,826	560,710	605,970	625,451	674,161
School Sponsored Activities And Athletics	776,169	862,816	1,021,726	988,729	1,072,133	1,134,459	1,185,135	1,220,107	1,317,189	1,317,586
<b>Community Services</b>										
<b>Support Services:</b>										
Student & Inst. Related Services	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	6,218,197
General Administration	815,071	832,704	881,326	885,530	1,153,479	928,460	972,996	985,583	957,026	1,447,131
School Administrative Services	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	2,910,704
Central and Other Support Services	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	1,279,417
Plant Operations And Maintenance	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	4,314,943
Pupil Transportation	809,375	883,696	947,630	971,494	968,408	1,114,732	1,113,337	1,045,392	1,098,112	1,016,186
<b>Capital Outlay</b>	<b>346,411</b>	<b>732,731</b>	<b>404,726</b>	<b>611,389</b>	<b>2,613,175</b>	<b>527,431</b>	<b>954,241</b>	<b>165,541</b>	<b>698,556</b>	<b>2,785,010</b>
<b>Debt Service:</b>										
Principal	404,707	408,033	422,044	409,400	635,057	656,547	714,464	556,054	669,303	1,116,756
Interest And Other Charges	185,142	168,632	155,121	136,178	116,260	110,588	86,030	67,138	46,825	61,061
<b>Total Expenditures</b>	<b>31,018,689</b>	<b>32,573,536</b>	<b>34,021,094</b>	<b>35,505,456</b>	<b>39,489,084</b>	<b>38,307,694</b>	<b>40,529,042</b>	<b>41,116,908</b>	<b>44,001,168</b>	<b>47,364,756</b>
<b>Excess (Deficiency) Of Revenues</b>										
Over (Under) Expenditures	1,414,962	758,298	844,913	(190,273)	(2,144,930)	47,564	(752,787)	796,197	510,735	(1,386,046)
<b>Other Financing Sources (Uses)</b>										
Capital Leases & Lease Purchase Agreements		99,795			716,266		275,156		2,419,526	604,896
Transfers In	48	14	52,834	-	1,750,042	1,969	418,897	1,588	604,824	3,668
Transfers Out	(48)	(4,770)	(52,834)	-	(1,750,042)		(417,416)	-	(600,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>95,039</b>	<b>-</b>	<b>-</b>	<b>716,266</b>	<b>1,969</b>	<b>276,637</b>	<b>1,588</b>	<b>2,424,350</b>	<b>608,564</b>
<b>Net Change In Fund Balances</b>	<b>\$ 1,414,962</b>	<b>\$ 853,337</b>	<b>\$ 844,913</b>	<b>\$ (190,273)</b>	<b>\$ (1,428,664)</b>	<b>\$ 49,533</b>	<b>\$ (476,150)</b>	<b>\$ 797,785</b>	<b>\$ 2,935,085</b>	<b>\$ (777,482)</b>
<b>Debt Service As A Percentage Of</b>										
Noncapital Expenditures	1.92%	1.81%	1.72%	1.56%	2.04%	2.03%	2.02%	1.52%	1.65%	2.64%

\* 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)**

<b>Fiscal Year Ended June 30,</b>	<b>Tuition</b>	<b>Interest</b>	<b>Rentals</b>	<b>Book Fine / Student Obligations</b>	<b>Transportation Fees</b>	<b>Enrichment Academy Fees</b>	<b>Insurance Proceeds/ FEMA</b>	<b>E-Rate</b>	<b>Student Activity Fees</b>	<b>Cancellation of Prior Year Payables</b>	<b>Refund Prior Year Expenditures</b>	<b>Miscellaneous</b>	<b>Total</b>
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
2020	1,082,127	53,366			25,506							4,668	1,165,667

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
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
2020	2,530,500	1,368,677,100	-	-	84,637,100	3,892,300	133,120,700	1,592,857,700	923,429	1,593,781,129	1,992,497,749	2.212

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	
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
2020	2.212	1.082	0.311	3.605

Source: Tax Duplicate, Borough of New Milford

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

Taxpayer	2020		Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Brookchester LLC	\$ 36,483,400	2.29%	Bal Bay Realty, LTD	\$ 42,157,500	2.15%
Bal Bay Realty, LTD	40,372,400	2.53%	Brunetti, Jo Ann	33,940,700	1.73%
NM Village LLC% Affiliated Mgmt Inc	28,458,500	1.79%	NM Village LLC% Affiliated Mgmt Inc	24,000,000	1.22%
Dorchester Manor LLC% Value Co Inc	13,500,000	0.85%	Dorchester Manor	15,316,900	0.78%
New Milford Redevelopment Assoc LLC	14,000,000	0.88%	New Meditrust Co LLC % Woodcrest Hcc	14,250,400	0.73%
New Meditrust Co LLC% Woodcrest HCC	10,509,000	0.66%	Milford Arms	9,822,100	0.50%
Milford Arms, Inc	8,366,400	0.52%	Inserra Associates	6,659,600	0.34%
DHMC America Corporation	7,100,000	0.45%	Brookchester Shopping Center	5,895,600	0.30%
Brookchester SHPG CTR Partnership	5,624,800	0.35%	Canterbury Village	4,584,600	0.23%
Inserra Associates	5,262,600	0.33%	730 River Rd Prop c/o Curtis Corp	3,703,300	0.19%
			Lucerne-New Milford LLC	3,383,900	0.17%
			Public Service	3,276,000	0.17%
			Bekdas, Sabri	3,080,600	0.16%
			Hackensack Water Co	2,504,100	0.13%
			Young & Bow Inc NJ Corp	2,500,000	0.13%
<b>Total</b>	<b>\$ 169,677,100</b>	<b>10.65%</b>	<b>Total</b>	<b>\$ 175,075,300</b>	<b>8.92%</b>

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	
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%	
2020	34,897,352	34,897,352	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			
2011	\$ 4,130,000	\$ 65,128		\$ 4,195,128	16,366	\$ 256
2012	3,775,000	111,890		3,886,890	16,453	236
2013	3,405,000	59,846		3,464,846	16,499	210
2014	3,015,000	40,446		3,055,446	16,534	185
2015	2,600,000	423,931	\$ 102,917	3,126,848	16,539	189
2016	2,165,000	252,438	52,863	2,470,301	16,591	149
2017	1,725,000	305,993		2,030,993	16,568	123
2018	1,290,000	184,939		1,474,939	16,592	89
2019	855,000	2,161,663	208,499	3,225,162	16,495	196
2020	425,000	1,890,219	398,083	2,713,302	16,429	165

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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
2011	\$ 4,130,000		\$ 4,130,000	0.21%	\$ 252
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%	130
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
2020	425,000		425,000	0.03%	26

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-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, 2019  
(Unaudited)**

<b><u>Governmental Unit</u></b>	<b><u>Total Debt</u></b>
<b>Municipal Debt: (1)</b>	
New Milford Board of Education (June 30, 2020)	\$ 425,000
Borough of New Milford	20,928,263
<b>Overlapping Debt Apportioned to the Municipality</b>	
<b>Bergen County: (2) and (3)</b>	
County of Bergen (A)	14,923,951
Bergen County Utilities Authority - Waste Water (B)	<u>2,527,050</u>
<b>Total direct and overlapping debt</b>	<b><u><u>\$ 38,804,264</u></u></b>

(A) The debt for this entity was apportioned by dividing the Municipality's 2019 equalized value by the total 2019 equalized value for Bergen County

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

**Sources:**

- (1) Borough of New Milford 2019 Annual Debt Statement
- (2) BCUA 2019 Audit
- (3) Bergen County 2019 Annual Debt Statement

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

**Legal Debt Margin Calculation for Fiscal Year 2020**

	Equalized valuation basis	
	2017	\$ 1,835,973,987
	2018	1,902,823,338
	2019	<u>1,973,346,903</u>
		<u>\$ 5,712,144,228</u>
		<u>\$ 1,904,048,076</u>
Debt limit (4 % of average equalization value)		\$ 76,161,923
Total Net Debt Applicable to Limit		<u>425,000</u>
Legal debt margin		<u>\$ 75,736,923</u>

	Fiscal Year									
	<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>2020</u>
Debt limit	\$ 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	\$ 76,161,923
Total net debt applicable to limit	<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>	<u>425,000</u>
Legal debt margin	<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>	<u>\$ 75,736,923</u>
Total net debt applicable to the limit as a percentage of debt limit	5.03%	4.76%	4.46%	4.12%	3.66%	3.04%	2.39%	1.76%	1.15%	0.56%

**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
2011	16,366	\$ 64,229	8.1%
2012	16,453	66,064	8.2%
2013	16,499	69,053	6.1%
2014	16,534	72,152	6.8%
2015	16,539	71,679	4.4%
2016	16,591	74,452	4.2%
2017	16,568	77,666	3.7%
2018	16,592	79,145	3.4%
2019	16,495	81,483	3.4%
2020	16,429	85,951	2.7%

\*

**Source:**

United States Bureau of Census, Population Division estimates

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

\*Estimated

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

Employer	2020		2011	
	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>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>2020</u>
Instruction										
Regular	113	120	122	125	123.5	128.8	128.8	120.5	124.2	126.7
Special education	21	22	23	23	22.5	26.4	27.7	31.3	34.0	37.8
Other instruction	36	42	49	55	52.2	65.6	73.4	73.2	71.2	83.0
Support Services:										
Tuition										
Student & instruction related services	26	37	37	29	29.6	37.7	39.0	36.6	36.6	41.3
General administrative services	4	4	4	4	4.4	5.4	6.4	8.8	8.8	4.4
School administrative services	20	17	16	20	23.5	19.7	22.1	19.9	19.5	18.1
Business administrative services	6	8	9	9	9.0	9.0	9.0	9.0	6.0	8.5
Plant operations and maintenance	32	32	26	30	30.5	33.3	19.6	28.5	28.5	25.5
Pupil transportation	9	6	6	8	7.1	7.3	10.6	5.0	5.0	5.5
Child Care	23	21	24	32	33.0	46.0	30.0	46.0	46.0	42.0
Total	<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>	<u>392.8</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				
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%
2020	2,030	43,401,929	21,380	2.22%	247	18:01	15:01	2,000	1,944	-0.05%	97.20%

**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>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>2020</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Berkley Street School										
Square Feet	49,438	49,438	49,438	49,438	49,438	49,438	49,438	49,438	49,438	49,438
Capacity (students)	410	410	410	410	410	410	410	410	410	410
Enrollment	413	419	457	459	453	436	424	425	463	470
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	499	479	449	456	474	465	458	495	492
<b><u>Middle School</u></b>										
David E. Owens Middle School										
Square Feet	80,196	80,193	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	501	503	487	481	445	453	449	523	464	460
<b><u>High School</u></b>										
New Milford High School										
Square Feet	139,920	139,920	139,920	139,920	139,920	139,920	139,920	139,920	139,920	139,920
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	691	647	643	645	631	648	618	590	585	586

Number of Schools at June 30, 2020  
 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>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>2020</u>
Berkley Street Elementary	\$ 92,398	\$ 108,437	\$ 95,915	\$ 133,231	\$ 100,020	\$ 109,200	\$ 42,929	\$ 113,993	\$ 94,773	\$ 106,516
B. F. Gibbs Elementary	62,814	77,706	57,800	98,284	87,155	98,936	94,738	109,976	92,850	99,860
David E. Owens Middle School	168,070	142,070	99,039	233,322	174,255	266,628	222,760	181,264	153,730	166,433
New Milford High School	<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>268,227</u>	<u>292,921</u>
Total School Facilities	<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>\$ 609,580</u>	<u>\$ 665,730</u>

NEW MILFORD BOARD OF EDUCATION  
 INSURANCE SCHEDULE  
 AS OF JUNE 30, 2020  
 (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 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	

- (1) Great American Insurance Company
- (1a) American Safety Casualty Insurance Co
- (1b) Selective Insurance Co of America
- (1c) Greenwich Insurance Company
- (1d) Safety National
- (1e) American Alternatives Insurance Co
- (1f) Fireman's Fund Insurance Co

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

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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  
JULIUS B. CONSONI, CPA, PSA  
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ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
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DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, 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, 2020 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 March 3, 2021.

#### **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 accompanying schedule of findings and questioned costs as item 2020-001 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 accompanying schedule of findings and questioned costs as item 2020-001.

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 March 3, 2021.


### **New Milford Board of Education’s Response to Finding**

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

### **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  
March 3, 2021



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, CPA

**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 THE  
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**

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 the New Milford Board of Education's major federal and state programs for the fiscal year ended June 30, 2020. 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 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, 2020.

### ***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 2020-002. 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 finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The New Milford Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

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



**Report on Schedule of Expenditures of Federal Awards Required by 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 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, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements. We have issued our report thereon dated March 3, 2021, 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  
March 3, 2021

NEW MILFORD BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Project Period	Award Amount	Balance, June 30, 2019	Unearned Revenue Carryover Amount	Account Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments (1)	Funds Released		Balance, June 30, 2020			Memo GAAP Receivable
											Accounts Receivable	Unearned Revenue	(Accounts Receivable)	Unearned Revenue/	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Department of Education:																
National School Lunch Program	10.555															
Non-Cash Assistance		191NJ304N1099	7/1/18-6/30/19	\$ 42,220	\$ 2,233			\$ 2,233								
Non-Cash Assistance		201NJ304N1099	7/1/19-6/30/20	32,042			\$ 32,042	27,186					\$ 4,856			
Cash Assistance		191NJ304N1099	7/1/18-6/30/19	149,365	(9,399)			9,399								
Cash Assistance		201NJ304N1099	7/1/19-6/30/20	104,482	-			100,158	104,482				\$ (4,324)			\$ (4,324)
Total Child Nutrition Cluster / Enterprise Fund					(7,166)	-	-	141,599	133,901	-	-	-	(4,324)	4,856	-	(4,324)
U.S. Department of Education Passed-Through State Department of Education:																
General Fund																
Medical Assistance Program	93.778	2005NJ5MAP	7/1/19-6/30/20	18,096	-	-	-	18,096	18,096	-	-	-	-	-	-	-
Total General Fund					-	-	-	18,096	18,096	-	-	-	-	-	-	-
Special Revenue Fund																
Title I	84.010A	S010A180030	7/1/18 - 6/30/19	168,870	(91,735)	\$ (3,825)	\$ 3,825	91,947		\$ (212)						-
Title I	84.010A	S010A190030	7/1/19 - 9/30/20	159,221		3,825	(3,825)	145,021	162,694				(18,025)	\$ 352		(17,673)
Title II - Part A	84.367A	S367A180029	7/1/18 - 6/30/19	42,396	(10,358)	(15,783)	15,783	10,118		240				-		-
Title II - Part A	84.367A	S367A190029	7/1/19 - 9/30/20	36,560		15,783	(15,783)	27,251	31,394				(25,092)	20,949		(4,143)
Title III	84.365A	S365A180030	7/1/18 - 6/30/19	22,588	(11,243)	(6,506)	6,506	11,243						-		-
Title III	84.365A	S365A190030	7/1/19 - 9/30/20	20,163		6,506	(6,506)	13,293	23,880				(13,376)	2,789		(10,587)
Title III Immigrant	84.365A	S365A180030	7/1/18 - 6/30/19	-	(17)			17						-		-
Title III Immigrant	84.365A	S365A190030	7/1/19 - 9/30/20	7,817				-	1,016				(7,817)	6,801		(1,016)
Total English Language Acquisition (Title III) Cluster					(11,260)	-	-	24,553	24,896	-	-	-	(21,193)	9,590	-	(11,603)
L.D.E.A. Part B, Basic	84.027A	H027A180100	7/1/18 - 6/30/19	537,335	(274,304)	(89,377)	89,377	276,138						1,834		
L.D.E.A. Part B, Basic	84.027A	H027A190100	7/1/19 - 9/30/20	543,424		89,377	(89,377)	452,944	585,823				(179,857)	46,978		(131,045)
L.D.E.A. Preschool	84.173A	H173A180114	7/1/18 - 6/30/19	26,645	(22,231)	(13,601)	13,601	22,231						-		-
L.D.E.A. Preschool	84.173A	H173A190114	7/1/19 - 9/30/20	26,975		13,601	(13,601)	13,730	23,783				(26,846)	16,793		(10,053)
Total Special Education Cluster (IDEA)					(296,535)	-	-	765,043	609,606	-	-	-	(206,703)	65,605	-	(141,098)
CARES Emergency Relief Grant	84.425D	S425D200027	3/13/20-9/30/22	119,970	-	-	-	-	53,308				(119,970)	66,662		(53,308)
Total Special Revenue Fund					(409,888)	-	-	1,063,933	881,898	28	-	-	(390,983)	163,158	-	(227,825)
Total Federal Awards					\$ (417,054)	\$ -	\$ -	\$ 1,223,628	\$ 1,033,895	\$ 28	\$ -	\$ -	\$ (395,307)	\$ 168,014	\$ -	\$ (232,149)

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, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2019			Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2020		MEMO	
				Unearned Revenue/(Accts Rec.)	Due to Grantor	Cash Received			Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>												
Equalization Aid	19-495-034-5120-078	7/1/18 - 6/30/19	\$ 388,569	\$ (36,930)		\$ 36,930						
Equalization Aid	20-495-034-5120-078	7/1/19 - 6/30/20	587,981			533,721	\$ 587,981		\$ (54,260)			\$ 587,981
Special Education Aid	19-495-034-5120-089	7/1/18 - 6/30/19	1,294,330	(123,016)		123,016						-
Special Education Aid	20-495-034-5120-089	7/1/19 - 6/30/20	1,294,330			1,174,888	1,294,330		(119,442)			1,294,330
Security Aid	19-495-034-5120-084	7/1/18 - 6/30/19	73,366	(6,973)		6,973						-
Security Aid	20-495-034-5120-084	7/1/19 - 6/30/20	73,366	-		66,596	73,366		(6,770)			73,366
Subtotal State Aid Public Cluster				(166,919)		1,942,124	1,955,677		(180,472)			1,955,677
Transportation Aid	19-495-034-5120-014	7/1/18 - 6/30/19	430,582	(40,923)		40,923						-
Transportation Aid	20-495-034-5120-014	7/1/19 - 6/30/20	430,582			390,847	430,582		(39,735)			430,582
Non-Public Transportation	19-495-034-5120-014	7/1/18 - 6/30/19	68,730	(68,730)		68,730						-
Subtotal Transportation Cluster				(109,653)		500,500	430,582		(39,735)			430,582
Extraordinary Aid	19-100-034-5120-044	7/1/18 - 6/30/19	958,221	(958,221)		958,221						-
Extraordinary Aid	20-100-034-5120-044	7/1/19 - 6/30/20	656,405				656,405		(656,405)			656,405
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	7/1/19 - 6/30/20	1,104,516			1,047,434	1,104,516		(57,082)			\$ (57,082) 1,104,516
On-Behalf TPAF Pension Contribution	20-495-034-5094-002	7/1/19 - 6/30/20	3,003,999			3,003,999	3,003,999					3,003,999
On-Behalf TPAF Pension - NCGI Premium	20-495-034-5094-004	7/1/19 - 6/30/20	53,843			53,843	53,843					53,843
On-Behalf TPAF Pension - LTDI	20-495-034-5094-004	7/1/19 - 6/30/20	2,895			2,895	2,895					2,895
Oh-Behalf TPAF Post Retirement Medical Contribution	20-495-034-5094-001	7/1/19 - 6/30/20	1,134,404	-		1,134,404	1,134,404		-			- 1,134,404
Total General Fund				(1,234,793)		8,643,420	8,342,321		(933,694)			(57,082) 8,342,321
<b>New Jersey Nonpublic Aid:</b>												
Nursing Services	20-100-034-5120-070	7/1/19 - 6/30/20	60,722			60,722	60,722					60,722
Textbook Aid	19-100-034-5120-064	7/1/18 - 6/30/19	32,360		\$ 4,109			\$ 4,109				-
Textbook Aid	20-100-034-5120-064	7/1/19 - 6/30/20	30,887			30,887	25,450			\$ 5,437		25,450
Technology	19-100-034-5120-373	7/1/18 - 6/30/19	21,816		2,870			2,870				-
Technology	20-100-034-5120-373	7/1/19 - 6/30/20	21,096			21,096	21,019				77	21,019
Security Aid	19-100-034-5120-509	7/1/18 - 6/30/19	97,950		420			420				-
Security Aid	20-100-034-5120-509	7/1/19 - 6/30/20	93,900			93,900	93,818				82	93,818
<b>Auxiliary Services (Chapter 192):</b>												
Compensatory Education	19-100-034-5120-067	7/1/18 - 6/30/19	103,130		9,985			9,985				-
Compensatory Education	20-100-034-5120-067	7/1/19 - 6/30/20	75,116			66,437	50,211		(8,679)		24,905	(8,679) 50,211
English as a Second Language	19-100-034-5120-067	7/1/18 - 6/30/19	28,989		14,945			14,945				-
English as a Second Language	20-100-034-5120-067	7/1/19 - 6/30/20	20,350			18,258	17,454		(2,092)		2,896	(2,092) 17,454
Transportation	20-100-034-5120-068	7/1/19 - 6/30/20	15,893			14,304			(1,589)		15,893	(1,589) -
Total Auxiliary Services (Chapter 192 Cluster)					24,930	98,999	67,665	24,930	(12,360)		43,694	(12,360) 67,665
<b>Handicapped Services (Chapter 193):</b>												
Examination and Classification	19-100-034-5120-066	7/1/18 - 6/30/19	80,474		65,551			65,551				-
Examination and Classification	20-100-034-5120-066	7/1/19 - 6/30/20	35,311			31,780	35,311		(3,531)			(3,531) 35,311
Corrective Speech	20-100-034-5120-066	7/1/19 - 6/30/20	29,165			25,936	15,220		(3,229)		13,945	(3,229) 15,220
Supplementary Instruction	19-100-034-5120-066	7/1/18 - 6/30/19	34,890		7,769			7,769				-
Supplementary Instruction	20-100-034-5120-066	7/1/19 - 6/30/20	38,855			34,831	13,090		(4,024)		25,765	(4,024) 13,090
Total Handicapped Services (Chapter 193 Cluster)					73,320	92,547	63,621	73,320	(10,784)		39,710	(10,784) 63,621
Total Special Revenue Fund					105,649	398,151	332,295	105,649	(23,144)		89,000	(23,144) 332,295
Total State Department of Education				(1,234,793)	105,649	9,041,571	8,674,616	105,649	(956,838)		89,000	(80,226) 8,674,616

NEW MILFORD BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2020		Due to Grantor	MEMO		
				Unearned Revenue/ (Accts Rec.)	Due to Grantor				(Accounts Receivable)	Unearned Revenue		GAAP Receivable	Combined Total Expenditures	
<b>Department of Agriculture</b>														
National School Lunch Program (State Share)	19-100-010-3350-023	7/1/18 - 6/30/19	\$ 6,439	\$ (392)		\$ 392								
National School Lunch Program (State Share)	20-100-010-3350-023	7/1/19 - 6/30/20	5,530	-		5,442	5,530	-	(88)	-	-		\$ (88)	\$ 5,530
Total Department of Agriculture (Food Service Fund)					(392)		5,834	5,530	-	(88)	-	-	(88)	5,530
Total State Financial Assistance Subject to Single Audit Determination					(1,235,185)	\$ 105,649	\$ 9,047,405	\$ 8,680,146	\$ 105,649	(956,926)	-	\$ 89,000	(80,314)	8,680,146
<b>State Financial Assistance</b>														
<b>Not Subject to Major Program Determination</b>														
General Fund														
On-Behalf TPAF Pension Benefit Contribution	20-495-034-5094-002	7/1/19 - 6/30/20	3,003,999			(3,003,999)	(3,003,999)							(3,003,999)
On-Behalf TPAF Pension -NCGI Premium	20-495-034-5094-004	7/1/19 - 6/30/20	53,843			(53,843)	(53,843)							(53,843)
On-Behalf TPAF Pension -LTDI	20-495-034-5094-004	7/1/19 - 6/30/20	2,895			(2,895)	(2,895)							(2,895)
On-Behalf TPAF Post-Retirement Medical	20-495-034-5094-001	7/1/19 - 6/30/20	1,134,404			(1,134,404)	(1,134,404)							(1,134,404)
Total State Financial Assistance Subject to Major Program Determination				\$	(1,235,185)	\$ 105,649	\$ 4,852,264	\$ 4,485,005	\$ 105,649	(956,926)	\$ -	\$ 89,000	\$ (80,314)	\$ 4,485,005

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, 2020**

**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 an increase of \$289,451 for the general fund and a decrease of \$37,185 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	\$ 18,096	\$ 8,631,772	\$ 8,649,868
Special Revenue Fund	871,048	332,295	1,203,343
Food Service Fund	<u>133,901</u>	<u>5,530</u>	<u>139,431</u>
 Total Financial Assistance	 <u>\$ 1,023,045</u>	 <u>\$ 8,969,597</u>	 <u>\$ 9,992,642</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, 2020**

**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 \$1,104,516 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$3,057,842, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,134,404 and TPAF Long-Term Disability Insurance in the amount of \$2,895 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

**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, 2020**

*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?      yes   X   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>H027A190100</u>	<u>IDEA Basic</u>
<u>84.173A</u>	<u>H173A190114</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, 2020**

*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 2020-001**

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 and supporting documentation. 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.

**Questioned Costs**

None.

**Context**

- The accruals for State Aid was understated in the amount of \$207,842 at June 30, 2020 in the General Fund.
- Year end tuition receivables of \$114,942 were not recorded in the General Fund at June 30, 2020.
- Miscellaneous revenues in the General Fund were adjusted by \$15,635 to reconcile to subsidiary records.
- Capital Project Fund revenues were overstated by \$2,009,509 at June 30, 2020.
- The Food Service enterprise fund's financial transactions are not maintained in the District's internal accounting general ledger software system.
- Revenue transactions of the other enterprise funds were incomplete for the 2019/2020 school year.

NEW MILFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

*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 2020-001 (Continued)**

**Effect**

The Board Secretary's records were not in agreement with subsidiary records and supporting documentation 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 (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*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**

There are none.

**NEW MILFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*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 2020-002**

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

- A contract awarded under a cooperative purchasing agreement was not approved by Board resolution by specific contract/vendor.
- 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 where no documentation was available to support public bids were sought nor was a contract approved by Board resolution.

**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 2020-002

**Questioned Costs:**

Unknown.

**Context:**

A contract by vendor/project awarded under a cooperative purchasing agreement for the tennis court project (\$164,292) was not approved by Board resolution. Costs savings analysis and publication of intent required when using a national cooperative purchasing agreement were not provided in conjunction with purchases of security cameras and related materials in the amount \$88,269. Payments made totaling \$74,428 to one vendor for fencing around athletic field was not publicly advertised for bid nor approved in the District minutes.

**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, 2020**

*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 2020-002 (Continued)**

**Cause:**

Unknown.

**Recommendation:**

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid 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, 2020**

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 2019-001**

Our audit of the general ledger account balances of the various fund 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 internal accounting records.

**Current Status**

See Finding 2020-001.

**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 agency 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.

**Current Status**

Corrective action has been taken.

**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.

**Current Status**

Corrective action has been taken.

**NEW MILFORD BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 (Continued)**

**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.

**Current Status**

See Finding 2020-002.