

**TOWN OF BOONTON SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Boonton, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Town of Boonton School District**

**Boonton, New Jersey**

**For The Fiscal Year Ended June 30, 2015**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

# BOONTON

## Public Schools

A World Class Education for Tomorrow's Leaders  
Office of the Business Administrator

November 19, 2015

Honorable President and  
Members of the Board of Education  
Boonton Board of Education  
434 Lathrop Avenue  
Boonton, New Jersey 07005

Dear Board Members:

The Comprehensive Annual Financial Report of the Town of Boonton Public Schools for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). 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 basic financial statements and results of operations 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 organization chart and a list of principal officials. The Financial Section includes The Independent Auditors' Report, the management's discussion and analysis, basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The Statistical Section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circular NJOMB 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 and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

- 1) REPORTING ENTITY AND SERVICES: The Boonton Public School District is an independent reporting entity within the criteria adopted by the

434 Lathrop Avenue • Boonton, New Jersey 07005

GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Boonton 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 PreK through 12 for the students residing in Boonton and to grade levels 9 through 12 for the students residing in Lincoln Park. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2014-2015 fiscal year with an average daily enrollment of 1,308 students, an increase of 15 students over the previous year's enrollment.

The following details the changes in the student average daily enrollment of the district over the last ten years:

| <u>Fiscal Year</u> | <u>Average Daily Enrollment<br/>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|--|-----------------------|
| 2014-2015          | 1,308  | 1.16%                 |
| 2013-2014          | 1,293  | 0.31%                 |
| 2012-2013          | 1,289  | 0.30%                 |
| 2011-2012          | 1,251  | 0.08%                 |
| 2010-2011          | 1,241  | 2.99%                 |
| 2009-2010          | 1,205  | -0.25%                |
| 2008-2009          | 1,208  | -2.74%                |
| 2007-2008          | 1,242  | -1.66%                |
| 2006-2007          | 1,263  | -4.82%                |
| 2005-2006          | 1,327  | 2.47%                 |

- 2) **ECONOMIC CONDITIONS AND OUTLOOK:** The School District continues to monitor the ratable base for the Town. Short term trends continue to indicate that ratables will remain flat. An increase in housing projects is in the preliminary stages of development. If these projects come to fruition, the burden on the District to provide services could increase. The District's budget for the 2015-2016 fiscal year includes a 2% increase in the local tax levy. At the close of the cmTent fiscal year, the Teacher's contract was not open for negotiations which will provide for stability and planning in future budget developments for the next three years.
  
- 3) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure 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). The internal control structure 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 recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District manager.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

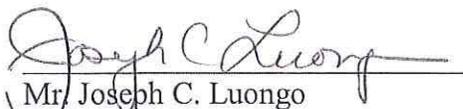
- 4) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

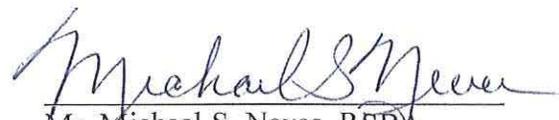
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

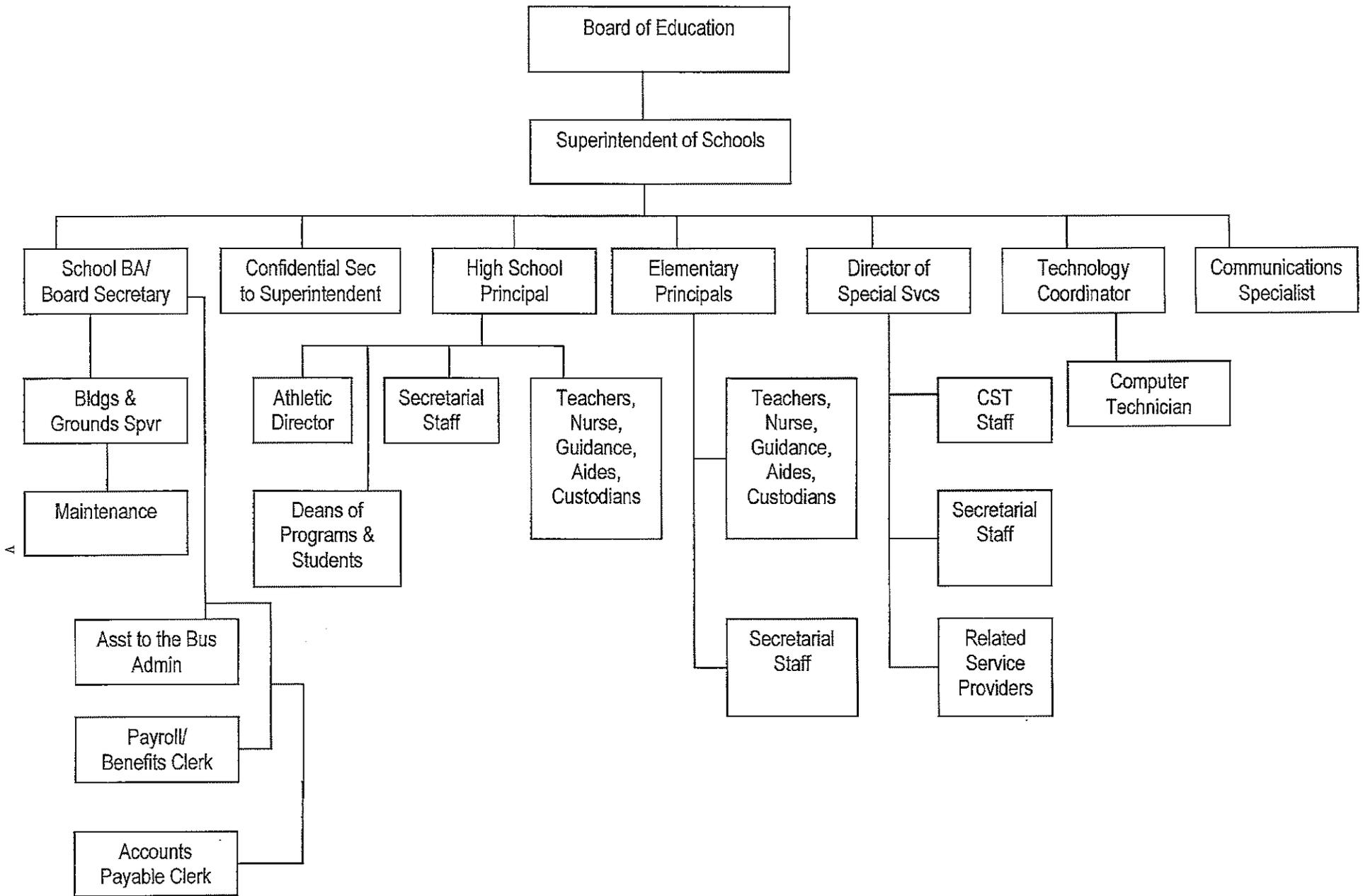
- 5) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.
- 6) **FINANCIAL INFORMATION AT FISCAL YEAR END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. A detailed Management Discussion and Analysis follows this section of the report that discussed the District's financial performance for the year ended June 30, 2015.
- 7) **DEBT ADMINISTRATION:** During the 2014-2015 fiscal year the District refinanced its outstanding obligation in two tranches. The District's resulting debt yielded a gross savings of \$1,606,387.00 over the life of the offering.

- 8) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the 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 secure in accordance with the Act.
- 9) **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.
- 10) **OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Robert Haag, CPA, PSA, of the accounting firm of Lerch, Vinci, Higgins, LLP was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirement of the Single Audit Act and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information 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.
- 11) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Boonton Town Board of Education 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,

  
Mr. Joseph C. Luongo  
Interim Superintendent of Schools

  
Mr. Michael S. Neves, RSBA  
School Business Administrator  
Board Secretary



**TOWN OF BOONTON SCHOOL DISTRICT  
BOONTON, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2015**

| <b><u>Members of the Board of Education</u></b> | <b><u>Term Expires<br/>(November)</u></b> |
|---|---|
| Irene LeFebvre, President                       | 2015                                      |
| Adam Schnitzler, Vice-President                 | 2015                                      |
| Christopher J. Cartelli                         | 2016                                      |
| Sonja Chapman                                   | 2017                                      |
| Robert Ezzi                                     | 2016                                      |
| Linda R. Glosinski                              | 2017                                      |
| Debra Recchia                                   | 2017                                      |
| Jerry Ruud                                      | 2015                                      |
| Dr. David Talcott                               | 2016                                      |
| Jack Gibbons (Lincoln Park Representative)      |   |

**Other Officers**

Dr. Christine A. Johnson, Superintendent of Schools

Michael Neves, Board Secretary/Business Administrator

**BOONTON SCHOOL DISTRICT**

**Consultants & Advisors**

**June 30, 2015**

**District Auditor**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208N  
Fair Lawn, New Jersey 07410

**Attorney**

James L. Plosia, Esq.  
Apruzzese, McDermott, Mastro & Murphy, P.C.  
Somerset Hills Corporate Center  
25 Independence Boulevard  
P.O. Box 112  
Liberty Corner, NJ 07938

**Official Depositories**

Lakeland Bank  
Boonton, NJ 07005

NJARM  
Princeton, NJ 08540

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Town of Boonton School District  
Boonton, 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 Town of Boonton School District, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## *Opinions*

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

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

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

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and, budgetary comparison information, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

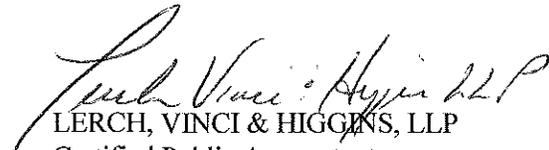
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Boonton School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical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

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

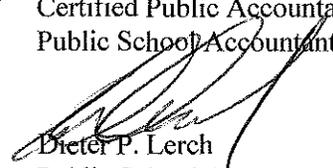
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2015 on our consideration of the Town of Boonton School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Boonton School District's internal control over financial reporting and compliance.



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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 19, 2015

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

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

**TOWN OF BOONTON SCHOOL DISTRICT  
BOONTON, NEW JERSEY**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2015**

This discussion and analysis of the Town of Boonton School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2015. The intent of this analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for fiscal year 2015 are as follows:

- The District's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year end by \$3,336,121 (net position). The District's net position increased \$79,604, or 2% from the previous year.
- General revenues accounted for \$19,239,487 or 58 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13,710,662 or 42 percent of total revenues of \$32,950,149.
- The School District had \$32,165,119 in expenses for governmental activities; \$12,873,395 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were adequate to provide funding for the balance of these programs.
- Among governmental funds, the General Fund had \$27,271,296 in revenues and \$27,473,819 in expenditures. After allowing for operating transfers and capital lease proceeds, the General Fund's fund balance decreased \$28,135 from 2014.

## **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds with all other non-major funds presented in one total column. The General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred inflows of resources and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid, as well as the activity of capital assets and long-term liabilities.

These two statements report the School District's net position and changes in those position. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, and reserve balances, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activities – These services are provided on a charge-for- goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Bridges to Learning Program Enterprise Funds are reported as non-major business-type activities.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial statements provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

## Reporting the District's Most Significant Funds (Continued)

### Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method known as modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### Enterprise Fund

The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same as the District-wide statements.

### The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole.

A comparative summary of the District's net position as of June 30, 2015 and 2014 is as follows:

|  | <u>2015</u>         | <u>2014</u><br>(Restated) |
|--|---------------------|---------------------------|
| <b>Assets</b>  |                     |                           |
| Current and Other Assets                                   | \$ 1,740,151        | \$ 1,642,844              |
| Capital Assets, net of accumulated depreciation            | <u>25,676,844</u>   | <u>26,193,905</u>         |
| <b>Total Assets</b>  | <u>27,416,995</u>   | <u>27,836,749</u>         |
| <b>Deferred Outflows of Resources</b>                      | <u>1,789,491</u>    | <u>-</u>                  |
| <b>Total Assets and Deferred Outflows of Resources</b>     | <u>29,206,486</u>   | <u>27,836,749</u>         |
| <b>Liabilities</b>   |                     |                           |
| Long-Term Liabilities                                      | 24,863,001          | 21,705,150                |
| Other Liabilities  | <u>891,439</u>      | <u>1,036,125</u>          |
| <b>Total Liabilities</b>                                   | <u>25,754,440</u>   | <u>22,741,275</u>         |
| <b>Deferred Inflows of Resources</b>                       | <u>115,925</u>      | <u>1,366</u>              |
| <b>Total Liabilities and Deferred Inflows of Resources</b> | <u>25,870,365</u>   | <u>22,742,641</u>         |
| <b>Net Position</b>  |                     |                           |
| Net Investment in Capital Assets                           | 3,293,696           | 4,872,664                 |
| Restricted   | 195,572             | 195,425                   |
| Unrestricted   | <u>(153,147)</u>    | <u>(1,811,572)</u>        |
| <b>Total Net Position</b>                                  | <u>\$ 3,336,121</u> | <u>\$ 3,256,517</u>       |

A comparative schedule of the changes in net position for fiscal years ended June 30, 2015 and 2014 is as follows:

|  | <u>2015</u>       | <u>2014</u>       |
|--|-------------------|-------------------|
| <b>Revenues</b>                            |                   |                   |
| Program Revenues:                          |                   |                   |
| Charges for Services                       | \$ 7,051,400      | \$ 7,257,515      |
| Grants and Contributions                   | 6,659,262         | 3,692,055         |
| General Revenues:                          |                   |                   |
| Property Taxes                             | 18,198,345        | 17,907,270        |
| Grants and Entitlements                    | 697,432           | 678,519           |
| Other                                      | <u>343,710</u>    | <u>249,688</u>    |
| <b>Total Revenues</b>                      | <u>32,950,149</u> | <u>29,785,047</u> |
| <b>Program Expenses</b>                    |                   |                   |
| Instruction                                | 20,779,192        | 17,510,783        |
| Support Services:                          |                   |                   |
| Pupils and Instructional Staff             | 4,854,977         | 4,549,375         |
| General, School and Central Administration | 2,423,444         | 2,169,508         |
| Operations and Maintenance of Facilities   | 2,478,944         | 2,608,116         |
| Pupil Transportation                       | 636,330           | 459,694           |
| Interest on Debt                           | 992,232           | 974,470           |
| Food Service                               | 516,997           | 534,170           |
| Bridges to Learning                        | <u>188,429</u>    | <u>289,659</u>    |
| <b>Total Expenses</b>                      | <u>32,870,545</u> | <u>29,095,775</u> |
| Increase/(Decrease) in Net Position        | <u>\$ 79,604</u>  | <u>\$ 689,272</u> |

### **Governmental Activities**

The nature of funding public schools primarily through property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 62 percent of revenues for governmental activities for the Town of Boonton School District in fiscal year 2015. The District's total governmental revenues were \$32,112,557 for the year ended June 30, 2015. Federal, state, and local grants, contributions and entitlements accounted for 20 percent of this total revenue. The total cost of all governmental programs and services was \$32,165,119. Instruction comprises 65 percent of District governmental expenses.

## Business-Type Activities

Revenues for the District's business-type activities (food service and bridges to learning) were comprised of charges for services and government reimbursements.

- Enterprise Fund revenues exceeded expenses by \$132,166.
- Charges for services represent 71 percent of revenue. This represents amounts paid for food service and tuition for the bridges to learning program. State and federal subsidies account for the remaining 29 percent.
- Federal and state reimbursements amounted to \$240,813 of total Enterprise Fund revenues.

## Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The total cost of services and the net cost of services for the years ended June 30, 2015 and 2014 are summarized below. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

|   | <u>Total Cost of Services</u> |                      | <u>Net Cost of Services</u> |                      |
|---|-------------------------------|----------------------|-----------------------------|----------------------|
|   | <u>2015</u>                   | <u>2014</u>          | <u>2015</u>                 | <u>2014</u>          |
| Instruction                             | \$ 20,779,192                 | \$ 17,510,783        | \$ 9,153,735                | \$ 8,255,924         |
| Support Services                        |                               |                      |                             |                      |
| Pupils and Instructional Staff          | 4,854,977                     | 4,549,375            | 4,193,354                   | 4,113,005            |
| General, School and Central Admin.      | 2,423,444                     | 2,169,508            | 2,114,260                   | 2,068,333            |
| Operation and Maintenance of Facilities | 2,478,944                     | 2,608,116            | 2,432,494                   | 2,562,688            |
| Pupil Transportation                    | 636,330                       | 459,694              | 624,662                     | 447,977              |
| Interest on Long-Term Debt              | 992,232                       | 974,470              | 773,219                     | 726,406              |
| <b>Total</b>                            | <u>\$ 32,165,119</u>          | <u>\$ 28,271,946</u> | <u>\$ 19,291,724</u>        | <u>\$ 18,174,333</u> |

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

**Governmental Activities (Continued)**

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

**The District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$29,529,049 and expenditures were \$30,055,256.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a comparative summary of the governmental fund revenues for the fiscal years ended June 30, 2015 and 2014.

| <u>Revenue</u>  | <u>Year Ended</u>    |                      | <u>Amount of Increase (Decrease)</u> | <u>Percent Increase (Decrease)</u> |
|-----------------|----------------------|----------------------|--------------------------------------|------------------------------------|
|                 | <u>June 30, 2015</u> | <u>June 30, 2014</u> |                                      |                                    |
| Local Sources   | \$ 24,996,676        | \$ 24,847,098        | \$ 149,578                           | 0.6%                               |
| State Sources   | 3,896,230            | 3,614,930            | 281,300                              | 7.8%                               |
| Federal Sources | 636,143              | 470,850              | 165,293                              | 35.1%                              |
| Total Revenues  | <u>\$ 29,529,049</u> | <u>\$ 28,932,878</u> | <u>\$ 596,171</u>                    | 2.1%                               |

The following schedule represents a comparative summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal years ended June 30, 2015 and 2014.

| <u>Expenditures</u> | <u>Year Ended</u>    |                      | <u>Amount of Increase (Decrease)</u> | <u>Percent Increase (Decrease)</u> |
|---------------------|----------------------|----------------------|--------------------------------------|------------------------------------|
|                     | <u>June 30, 2015</u> | <u>June 30, 2014</u> |                                      |                                    |
| Current             |                      |                      |                                      |                                    |
| Instruction         | \$ 18,335,934        | \$ 17,285,040        | \$ 1,050,894                         | 6.1%                               |
| Support Services    | 9,360,802            | 9,244,171            | 116,631                              | 1.3%                               |
| Capital Outlay      | 254,048              | 1,053,408            | (799,360)                            | -75.9%                             |
| Debt Service        |                      |                      |                                      |                                    |
| Principal           | 949,132              | 839,278              | 109,854                              | 13.1%                              |
| Interest and Other  | 1,155,340            | 987,773              | 167,567                              | 17.0%                              |
| Total Expenditures  | <u>\$ 30,055,256</u> | <u>\$ 29,409,670</u> | <u>\$ 645,586</u>                    | 2.2%                               |

## General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over expenditures in specific line item accounts.

## Capital Assets

At the end of fiscal year 2015, the District had \$33,730,316 invested in land, buildings, furniture, equipment and vehicles. Accumulated depreciation on these assets at June 30, 2015 was \$8,053,472. The Table below compares the fiscal year 2015 balances to the 2014 balances.

### Capital Assets (Net of Depreciation) at June 30

|                                    | <u>2015</u>                 | <u>2014</u>                 |
|------------------------------------|-----------------------------|-----------------------------|
| Land                               | \$ 471,800                  | \$ 471,800                  |
| Building and Building Improvements | 23,689,818                  | 24,344,948                  |
| Machinery and Equipment            | <u>1,515,226</u>            | <u>1,377,157</u>            |
| <b>Total Capital Assets, Net</b>   | <b><u>\$ 25,676,844</u></b> | <b><u>\$ 26,193,905</u></b> |

## Debt Administration

At June 30, 2015, the District had \$24,863,001 of long-term liabilities. Of this amount, \$319,705 is for compensated absences, \$827,348 is for capital leases, \$1,920,545 is for net pension liability and \$21,795,403 is for outstanding serial bonds issued to fund school construction projects.

## For the Future

Currently, the District is in stable financial condition, given the financial limits placed on school districts by the state law. Everyone associated with the Town of Boonton School District is grateful for the community support of the schools. A major concern is continued enrollment growth. This, in an environment of flat state funding, means an ever-increasing reliance on local property taxes

In conclusion, the Town of Boonton School District has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

## Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the Town of Boonton School District, 434 Lathrop Avenue, Boonton, NJ.

**FINANCIAL STATEMENTS**

**TOWN OF BOONTON SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2015**

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|---|------------------------------------|-------------------------------------|---------------------|
| <b>ASSETS</b>                                       |                                    |                                     |                     |
| Cash and Cash Equivalents                           | \$ 325,067                         | \$ 136,222                          | \$ 461,289          |
| Receivables, Net:                                   |                                    |                                     |                     |
| Receivables from Other Governments                  | 1,240,141                          | 14,858                              | 1,254,999           |
| Other   | 17,330                             |                                     | 17,330              |
| Internal Balances                                   | (102,987)                          | 102,987                             |                     |
| Inventory   |                                    | 5,395                               | 5,395               |
| Restricted Assets:                                  |                                    |                                     |                     |
| Investments   | 1,138                              |                                     | 1,138               |
| Capital Assets:                                     |                                    |                                     |                     |
| Not Being Depreciated                               | 471,800                            |                                     | 471,800             |
| Being Depreciated, Net                              | <u>25,162,440</u>                  | <u>42,604</u>                       | <u>25,205,044</u>   |
| Total Assets  | <u>27,114,929</u>                  | <u>302,066</u>                      | <u>27,416,995</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                                    |                                     |                     |
| Deferred Amount on Refunding                        | 1,625,297                          |                                     | 1,625,297           |
| Deferred Amount on Net Pension Liability            | <u>164,194</u>                     | -                                   | <u>164,194</u>      |
| Total Deferred Outflows of Resources                | <u>1,789,491</u>                   | -                                   | <u>1,789,491</u>    |
| Total Assets and Deferred Outflows of Resources     | <u>28,904,420</u>                  | <u>302,066</u>                      | <u>29,206,486</u>   |
| <b>LIABILITIES</b>                                  |                                    |                                     |                     |
| Accounts Payable                                    | 561,380                            | 3,138                               | 564,518             |
| Other Liabilities                                   | 28,194                             |                                     | 28,194              |
| Payable to Other Governments                        | 26,016                             |                                     | 26,016              |
| Accrued Interest                                    | 272,599                            |                                     | 272,599             |
| Unearned Revenue                                    | 112                                |                                     | 112                 |
| Noncurrent Liabilities                              |                                    |                                     |                     |
| Due Within One Year                                 | 2,023,583                          |                                     | 2,023,583           |
| Due Beyond One Year                                 | <u>22,839,418</u>                  | -                                   | <u>22,839,418</u>   |
| Total Liabilities                                   | <u>25,751,302</u>                  | <u>3,138</u>                        | <u>25,754,440</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                                    |                                     |                     |
| Deferred Amount on Net Pension Liability            | 114,454                            |                                     | 114,454             |
| Unused Government Commodities                       | -                                  | <u>1,471</u>                        | <u>1,471</u>        |
| Total Deferred Inflows of Resources                 | <u>114,454</u>                     | <u>1,471</u>                        | <u>115,925</u>      |
| Total Liabilities and Deferred Inflows of Resources | <u>25,865,756</u>                  | <u>4,609</u>                        | <u>25,870,365</u>   |
| <b>NET POSITION</b>                                 |                                    |                                     |                     |
| Net Investment in Capital Assets                    | 3,251,092                          | 42,604                              | 3,293,696           |
| Restricted for:                                     |                                    |                                     |                     |
| Capital Projects                                    | 195,572                            |                                     | 195,572             |
| Unrestricted  | <u>(408,000)</u>                   | <u>254,853</u>                      | <u>(153,147)</u>    |
| Total Net Position                                  | <u>\$ 3,038,664</u>                | <u>\$ 297,457</u>                   | <u>\$ 3,336,121</u> |

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

**TOWN OF BOONTON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| Functions/Programs                         | Expenses             | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                     |
|--|----------------------|-------------------------|--|--|--|-----------------------------|---------------------|
|  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total               |
| Governmental Activities                    |                      |                         |  |  |  |                             |                     |
| Instruction:                               |                      |                         |  |  |  |                             |                     |
| Regular                                    | \$ 12,932,692        | \$ 5,300,306            | \$ 3,285,228                             |  | \$ (4,347,158)                                       |                             | \$ (4,347,158)      |
| Special Education                          | 6,387,540            | 1,154,640               | 1,774,439                                |  | (3,458,461)  |                             | (3,458,461)         |
| Other Instruction                          | 198,476              |                         | 42,395                                   |  | (156,081)  |                             | (156,081)           |
| School Sponsored Activities and Athletics  | 1,260,484            |                         | 68,449                                   |  | (1,192,035)  |                             | (1,192,035)         |
| Support Services                           |                      |                         |  |  |  |                             |                     |
| Student and Instruction Related Services   | 4,854,977            |                         | 661,623                                  |  | (4,193,354)  |                             | (4,193,354)         |
| General Administrative Services            | 719,094              |                         | 105,601                                  |  | (613,493)  |                             | (613,493)           |
| School Administrative Services             | 1,139,252            |                         | 203,583                                  |  | (935,669)  |                             | (935,669)           |
| Central and Other Support Services         | 565,098              |                         |  |  | (565,098)  |                             | (565,098)           |
| Plant Operations and Maintenance           | 2,478,944            |                         | 46,450                                   |  | (2,432,494)  |                             | (2,432,494)         |
| Pupil Transportation                       | 636,330              |                         | 11,668                                   |  | (624,662)  |                             | (624,662)           |
| Interest on Long-Term Debt                 | 992,232              | -                       | 219,013                                  | -                                      | (773,219)  | -                           | (773,219)           |
| Total Governmental Activities              | <u>32,165,119</u>    | <u>6,454,946</u>        | <u>6,418,449</u>                         | <u>-</u>                               | <u>(19,291,724)</u>                                  | <u>-</u>                    | <u>(19,291,724)</u> |
| Business-Type Activities                   |                      |                         |  |  |  |                             |                     |
| Food Service - Nonmajor                    | 516,997              | 275,111                 | 240,813                                  | -                                      | -  | \$ (1,073)                  | (1,073)             |
| Bridges to Learning - Nonmajor             | 188,429              | 321,343                 | -  | -                                      | -  | 132,914                     | 132,914             |
| Total Business-Type Activities             | <u>705,426</u>       | <u>596,454</u>          | <u>240,813</u>                           | <u>-</u>                               | <u>-</u>   | <u>131,841</u>              | <u>131,841</u>      |
| Total Primary Government                   | <u>\$ 32,870,545</u> | <u>\$ 7,051,400</u>     | <u>\$ 6,659,262</u>                      | <u>\$ -</u>                            | <u>(19,291,724)</u>                                  | <u>131,841</u>              | <u>(19,159,883)</u> |
| General Revenues:                          |                      |                         |  |  |  |                             |                     |
| Property Taxes:                            |                      |                         |  |  |  |                             |                     |
| Levied for General Purposes                |                      |                         |  | \$ 16,999,501                          |  |                             | \$ 16,999,501       |
| Levied for Debt Service                    |                      |                         |  | 1,198,844                              |  |                             | 1,198,844           |
| Federal and State Aid, Unrestricted        |                      |                         |  | 504,439                                |  |                             | 504,439             |
| State Aid Restricted for Debt Service      |                      |                         |  | 192,993                                |  |                             | 192,993             |
| Investment Earnings                        |                      |                         |  | 63                                     | \$ 325   |                             | 388                 |
| Miscellaneous Income                       |                      |                         |  | 343,322                                |  | -                           | 343,322             |
| Total General Revenues                     |                      |                         |  | <u>19,239,162</u>                      | <u>325</u>   |                             | <u>19,239,487</u>   |
| Change in Net Position                     |                      |                         |  | (52,562)                               | 132,166  |                             | 79,604              |
| Net Position, Beginning of Year (Restated) |                      |                         |  | <u>3,091,226</u>                       | <u>165,291</u>                                       |                             | <u>3,256,517</u>    |
| Net Position, End of Year                  |                      |                         |  | <u>\$ 3,038,664</u>                    | <u>\$ 297,457</u>                                    |                             | <u>\$ 3,336,121</u> |

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

**FUND FINANCIAL STATEMENTS**

**TOWN OF BOONTON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2015**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>ASSETS</b>  |                         |                                     |                                      |                                  |   |
| Cash and Cash Equivalents  | \$ 293,987              |                                     |                                      | \$ 31,080                        | \$ 325,067                              |
| Receivables, Net   |                         |                                     |                                      |                                  |   |
| Federal Government   |                         | \$ 156,161                          |                                      |                                  | 156,161                                 |
| State Government   | 40,322                  |                                     |                                      |                                  | 40,322                                  |
| Other Local Governments  | 1,043,658               |                                     |                                      |                                  | 1,043,658                               |
| Due from Other Funds   | 172,852                 |                                     | \$ 64,077                            |                                  | 236,929                                 |
| Restricted Assets:   |                         |                                     |                                      |                                  |   |
| Investments  | -                       | -                                   | 1,138                                | -                                | 1,138                                   |
| <b>Total Assets</b>  | <u>\$ 1,550,819</u>     | <u>\$ 156,161</u>                   | <u>\$ 65,215</u>                     | <u>\$ 31,080</u>                 | <u>\$ 1,803,275</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b>                             |                         |                                     |                                      |                                  |   |
| Liabilities  |                         |                                     |                                      |                                  |   |
| Accounts Payable   | \$ 535,784              | \$ 25,596                           |                                      |                                  | \$ 561,380                              |
| Due to Other Funds   | 246,343                 | 104,437                             |                                      |                                  | 350,780                                 |
| Payable to State Government                                      |                         | 26,016                              |                                      |                                  | 26,016                                  |
| Unearned Revenue   | -                       | 112                                 | -                                    | -                                | 112                                     |
| <b>Total Liabilities</b>   | <u>782,127</u>          | <u>156,161</u>                      | <u>-</u>                             | <u>-</u>                         | <u>938,288</u>                          |
| Fund Balances  |                         |                                     |                                      |                                  |   |
| Restricted   |                         |                                     |                                      |                                  |   |
| Capital Reserve  | 195,572                 |                                     |                                      |                                  | 195,572                                 |
| Excess Surplus, Designated for<br>Subsequent Year's Expenditures | 177,699                 |                                     |                                      |                                  | 177,699                                 |
| Capital Projects   |                         |                                     | \$ 65,215                            |                                  | 65,215                                  |
| Debt Service   |                         |                                     |                                      | \$ 31,080                        | 31,080                                  |
| Assigned   |                         |                                     |                                      |                                  |   |
| Year-End Encumbrances  | 157,260                 |                                     |                                      |                                  | 157,260                                 |
| Unassigned   |                         |                                     |                                      |                                  |   |
| General Fund   | 238,161                 | -                                   | -                                    | -                                | 238,161                                 |
| <b>Total Fund Balances</b>                                       | <u>768,692</u>          | <u>-</u>                            | <u>65,215</u>                        | <u>31,080</u>                    | <u>864,987</u>                          |
| <b>Total Liabilities and Fund Balances</b>                       | <u>\$ 1,550,819</u>     | <u>\$ 156,161</u>                   | <u>\$ 65,215</u>                     | <u>\$ 31,080</u>                 |   |

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$33,501,086 and the accumulated depreciation is \$7,866,846. 25,634,240

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                                       | \$ (21,795,403) |              |
| Less: Deferred Amount on Refunding                 | 1,625,297       |              |
| Capital Leases                                     | (827,348)       |              |
| Net Pension Liability                              | (1,920,545)     |              |
| Less: Deferred Amounts on Net<br>Pension Liability | 49,740          |              |
| Compensated Absences                               | (319,705)       |              |
|  |                 | (23,187,964) |

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (272,599)

Net Position of Governmental Activities \$ 3,038,664

**TOWN OF BOONTON SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>REVENUES</b>  |                         |                                     |                                      |                                  |   |
| Local Sources  |                         |                                     |                                      |                                  |   |
| Property Tax Levy  | \$ 16,999,501           |                                     |                                      | \$ 1,198,844                     | \$ 18,198,345                           |
| Tuition  | 6,454,946               |                                     |                                      |                                  | 6,454,946                               |
| Interest   | 63                      |                                     |                                      |                                  | 63                                      |
| Miscellaneous  | 343,322                 | -                                   | -                                    | -                                | 343,322                                 |
| Total - Local Sources  | 23,797,832              | -                                   | -                                    | 1,198,844                        | 24,996,676                              |
| State Sources  | 3,424,812               | \$ 59,412                           |                                      | 412,006                          | 3,896,230                               |
| Federal Sources  | 48,652                  | 587,491                             | -                                    | -                                | 636,143                                 |
| Total Revenues   | 27,271,296              | 646,903                             | -                                    | 1,610,850                        | 29,529,049                              |
| <b>EXPENDITURES</b>  |                         |                                     |                                      |                                  |   |
| Instruction  |                         |                                     |                                      |                                  |   |
| Regular  | 10,763,757              | 291,826                             |                                      |                                  | 11,055,583                              |
| Special Education  | 5,694,800               | 195,794                             |                                      |                                  | 5,890,594                               |
| Other Instruction  | 175,010                 |                                     |                                      |                                  | 175,010                                 |
| School Sponsored Co-Curricular Activities                    | 1,214,747               |                                     |                                      |                                  | 1,214,747                               |
| Support Services   |                         |                                     |                                      |                                  |   |
| Student and Instruction Related Services                     | 4,363,633               | 159,283                             |                                      |                                  | 4,522,916                               |
| General Administrative Services                              | 647,455                 |                                     |                                      |                                  | 647,455                                 |
| School Administrative Services                               | 969,786                 |                                     |                                      |                                  | 969,786                                 |
| Central and Other Support Services                           | 560,947                 |                                     |                                      |                                  | 560,947                                 |
| Plant Operations and Maintenance                             | 2,074,370               |                                     |                                      |                                  | 2,074,370                               |
| Pupil Transportation   | 585,328                 |                                     |                                      |                                  | 585,328                                 |
| Debt Service   |                         |                                     |                                      |                                  |   |
| Principal  | 209,132                 |                                     |                                      | 740,000                          | 949,132                                 |
| Interest   | 20,980                  |                                     |                                      | 839,770                          | 860,750                                 |
| Bond Issuance Costs  |                         |                                     |                                      | 294,590                          | 294,590                                 |
| Capital Outlay   | 193,874                 | -                                   | \$ 60,174                            | -                                | 254,048                                 |
| Total Expenditures   | 27,473,819              | 646,903                             | 60,174                               | 1,874,360                        | 30,055,256                              |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (202,523)               | -                                   | (60,174)                             | (263,510)                        | (526,207)                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                         |                                     |                                      |                                  |   |
| Capital Lease Proceeds                                       | 174,388                 |                                     |                                      |                                  | 174,388                                 |
| Refunding Bond Proceeds                                      |                         |                                     |                                      | 18,780,000                       | 18,780,000                              |
| Premium on Refunding Bonds Issued                            |                         |                                     |                                      | 1,696,069                        | 1,696,069                               |
| Payment to Refunded Bond Escrow Agent                        | -                       | -                                   | -                                    | (20,181,479)                     | (20,181,479)                            |
| Total Other Financing Sources and Uses                       | 174,388                 | -                                   | -                                    | 294,590                          | 468,978                                 |
| Net Change in Fund Balances                                  | (28,135)                | -                                   | (60,174)                             | 31,080                           | (57,229)                                |
| Fund Balance, Beginning of Year                              | 796,827                 | -                                   | 125,389                              | -                                | 922,216                                 |
| Fund Balance, End of Year                                    | \$ 768,692              | \$ -                                | \$ 65,215                            | \$ 31,080                        | \$ 864,987                              |

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

**TOWN OF BOONTON SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (57,229)

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       | \$ 254,048       |           |
| Depreciation Expense | <u>(762,782)</u> |           |
|                      |                  | (508,734) |

Some expenses reported in the statement of activities do no require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

|                       |  |          |
|-----------------------|--|----------|
| Compensated Absences  |  | (96,647) |
| Accrued Interest      |  | 158,624  |
| Net Pension Liability |  | (33,214) |

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

|  |                |              |
|--|----------------|--------------|
| Debt Issued or Incurred                |                |              |
| Capital Lease Issued                   | (174,388)      |              |
| Refunding Bonds Issued                 | (18,780,000)   |              |
| Premium on Issuance of Refunding Bonds | (1,696,069)    |              |
| Payment to Refunding Escrow Agent      | 20,181,479     |              |
|  |                | (468,978)    |
| Principal Repayments                   |                |              |
| Serial Bonds                           | 740,000        |              |
| Capital Leases                         | <u>209,132</u> |              |
|  |                | 949,132      |
| Amortization of Refunding Bond Premium |                | <u>4,484</u> |

**Change in net position of governmental activities (Exhibit A-2)** \$ (52,562)

**TOWN OF BOONTON SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2015**

|   | <u>Business-Type<br/>Activities<br/>Enterprise Funds<br/>Non-Major</u> |
|---|--|
| <b>ASSETS</b>                                       |  |
| Current Assets                                      |  |
| Cash and Cash Equivalents                           | \$ 136,222   |
| Intergovernmental Accounts Receivable               | 14,858   |
| Due from Other Funds                                | 171,402  |
| Inventories   | <u>5,395</u>   |
| Total Current Assets                                | <u>327,877</u>   |
| Non-Current Assets                                  |  |
| Capital Assets                                      | 229,230  |
| Less: Accumulated Depreciation                      | <u>(186,626)</u>   |
| Total Capital Assets, Net                           | <u>42,604</u>  |
| Total Assets  | <u>370,481</u>   |
| <b>LIABILITIES</b>                                  |  |
| Current Liabilities                                 |  |
| Accounts Payable                                    | 3,138  |
| Due to Other Funds                                  | <u>68,415</u>  |
| Total Current Liabilities                           | <u>71,553</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |  |
| Deferred Commodities Revenue                        | <u>1,471</u>   |
| Total Deferred Inflows of Resources                 | <u>1,471</u>   |
| Total Liabilities and Deferred Inflows of Resources | <u>73,024</u>  |
| <b>NET POSITION</b>                                 |  |
| Investment in Capital Assets                        | 42,604   |
| Unrestricted  | <u>254,853</u>   |
| Total Net Position                                  | <u>\$ 297,457</u>  |

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

**TOWN OF BOONTON SCHOOL DISTRICT  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|                                       | <b>Business-Type<br/>Activities<br/>Enterprise Funds<br/>Non-Major</b> |
|---------------------------------------|--|
| <b>OPERATING REVENUES</b>             |  |
| Charges for Services                  |  |
| Daily Sales                           | \$ 270,491   |
| Program Fees                          | 321,343  |
| Miscellaneous                         | <u>4,620</u>   |
| Total Operating Revenues              | <u>596,454</u>   |
| <b>OPERATING EXPENSES</b>             |  |
| Salaries and Wages                    | 374,558  |
| Other Purchased Services              | 32,644   |
| Management Fee                        | 24,266   |
| Supplies and Materials                | 16,980   |
| Repairs and Maintenance               | 5,165  |
| Cost of Sales                         | 232,621  |
| Miscellaneous                         | 10,865   |
| Depreciation                          | <u>8,327</u>   |
| Total Operating Expenses              | <u>705,426</u>   |
| Operating Income (Loss)               | <u>(108,972)</u>   |
| <b>NONOPERATING REVENUES</b>          |  |
| State Sources                         |  |
| State School Lunch Program            | 5,409  |
| Federal Sources                       |  |
| National School Breakfast Program     | 29,445   |
| USDA Commodities                      | 19,645   |
| National School Lunch Program         | 186,314  |
| Interest Income                       | <u>325</u>   |
| Total Nonoperating Revenues           | <u>241,138</u>   |
| Change in Net Position                | 132,166  |
| Total Net Position, Beginning of Year | <u>165,291</u>   |
| Total Net Position, End of Year       | <u>\$ 297,457</u>  |

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

**TOWN OF BOONTON SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

|  | <b>Business-Type<br/>Activities<br/>Enterprise Funds<br/>Non-Major</b> |
|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |
| Cash Received from Customers   | \$ 596,454   |
| Cash Payments for Employees' Salaries and Benefits   | (374,558)  |
| Cash Payments to Suppliers for Goods and Services  | <u>(326,698)</u>   |
| Net Cash Provided by (Used for) Operating Activities   | <u>(104,802)</u>   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES</b>   |  |
| Cash Payments to Other Funds   | (33,736)   |
| Cash Received from State and Federal Subsidy Reimbursements  | <u>222,668</u>   |
| Net Cash Provided by Noncapital Financing Activities   | <u>188,932</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |
| Interest Received  | <u>325</u>   |
| Net Cash Provided by Investing Activities  | <u>325</u>   |
| Net Increase in Cash and Cash Equivalents  | 84,455   |
| Cash and Cash Equivalents, Beginning of Year   | <u>51,767</u>  |
| Cash and Cash Equivalents, End of Year   | <u>\$ 136,222</u>  |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b> |  |
| Operating Income (Loss)  | <u>\$ (108,972)</u>  |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities |  |
| Non-Cash Federal Assistance-Food Distribution Program  | 19,645   |
| Depreciation Expense   | 8,327  |
| Change in Assets, Deferred Inflows of Resources and Liabilities (Decrease)/Increase in Inventories       | 3,465  |
| Increase/(Decrease) in Deferred Inflows of Resources   | 105  |
| Increase/(Decrease) in Accounts Payable  | <u>(27,372)</u>  |
| Total Adjustments  | <u>4,170</u>   |
| Net Cash Provided by (Used for) Operating Activities   | <u>\$ (104,802)</u>  |
| Non-Cash Investing, Capital and Financing Activities   |  |
| Value Received - Food Distribution Program   | \$ 19,750  |

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

**TOWN OF BOONTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2015**

|   | <b>Unemployment<br/>Compensation<br/><u>Trust</u></b> | <b>Private<br/>Purpose<br/>Scholarship<br/><u>Fund</u></b> | <b><u>Agency Fund</u></b> |
|---|---|--|---------------------------|
| <b>ASSETS</b>                               |   |  |                           |
| Cash and Cash Equivalents                   | \$ 10,741   | \$ 333,267   | \$ 673,238                |
| Due from Other Funds                        |   |  |                           |
| General Fund                                |   |  | 10,864                    |
| Payroll Agency                              | <u>18,000</u>   | <u>-</u>   | <u>-</u>                  |
| <br>Total Assets                            | <br><u>28,741</u>                                     | <br><u>333,267</u>   | <br><u>\$ 684,102</u>     |
| <b>LIABILITIES</b>                          |   |  |                           |
| Accrued Salaries and Wages                  |   |  | \$ 443,410                |
| Intergovernmental Accounts Payable          | 1,237   |  |                           |
| Due to Student Groups                       |   |  | 132,177                   |
| Payroll Deductions and Withholdings Payable |   |  | 88,552                    |
| Reserve for Flexible Spending Account       |   |  | 1,963                     |
| Due to Other Funds                          |   |  |                           |
| Unemployment Compensation Trust             | <u>-</u>  | <u>-</u>   | <u>18,000</u>             |
| <br>Total Liabilities                       | <br><u>1,237</u>                                      | <br><u>-</u>   | <br><u>\$ 684,102</u>     |
| <b>NET POSITION</b>                         |   |  |                           |
| Held in Trust for Unemployment Claims       | <u>\$ 27,504</u>                                      |  |                           |
| Reserved for Scholarships                   |   | <u>\$ 333,267</u>  |                           |

**TOWN OF BOONTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|                                       | <b>Unemployment<br/>Compensation<br/><u>Trust</u></b> | <b>Private<br/>Purpose<br/>Scholarship<br/><u>Fund</u></b> |
|---------------------------------------|---|--|
| <b>ADDITIONS</b>                      |   |  |
| Contributions                         |   |  |
| District                              | \$ 55,213   |  |
| Employees                             | 3,500   |  |
| Donations                             |   | \$ 24,980  |
| Interest Earnings                     | <u>19</u>   | <u>173</u>   |
| Total Additions                       | <u>58,732</u>   | <u>25,153</u>  |
| <b>DEDUCTIONS</b>                     |   |  |
| Unemployment Claims and Contributions | 48,064  |  |
| Scholarships Awarded                  | <u>-</u>  | <u>26,080</u>  |
| Total Deductions                      | <u>48,064</u>   | <u>26,080</u>  |
| Change in Net Position                | 10,668  | (927)  |
| Net Position, Beginning of Year       | <u>16,836</u>   | <u>334,194</u>   |
| Net Position, End of Year             | <u>\$ 27,504</u>                                      | <u>\$ 333,267</u>  |

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

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Town of Boonton School District (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 as well as one representative from the Lincoln Park Board of Education and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

**B. New Accounting Standards**

During fiscal year 2015, the District adopted the following GASB statements:

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

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

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District’s enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**District-Wide Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**Fund Financial Statements (Continued)**

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

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

The *bridges to learning program fund* accounts for the activities of the District's bridges to learning program which provides after school, extended day and preschool services.

Additionally, the government reports the following fund type:

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

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.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

***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 at year-end is reported as deferred inflows of resources.

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**4. Restricted Assets**

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects.

**5. Capital Assets**

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

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

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>           | <u>Years</u> |
|-------------------------|--------------|
| Land Improvements       | 20           |
| Buildings               | 40           |
| Building Improvements   | 20           |
| Machinery and Equipment | 5-10         |

**6. Deferred Outflows/Inflows of Resources**

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

***6. Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government 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 pension liability. Deferred amounts on 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 that qualifies for reporting in this category 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 at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

***7. Compensated Absences***

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

***8. Pensions***

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

***9. Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

***10. Net Position/Fund Balance***

**District-Wide Statements**

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

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

**Governmental Fund Statements**

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

**Governmental Fund Statements (Continued)**

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

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

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

**F. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**2. Property Taxes**

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 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. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

*Tuition Expenditures* - Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**F. Revenues and Expenditures/Expenses (Continued)**

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service and bridges to learning enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 13, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$349,933. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**A. Budgetary Information (Continued)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**B. Excess Expenditures Over Appropriations**

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

|                            | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Unfavorable<br/>Variance</u> |
|----------------------------|-------------------------|---------------|---------------------------------|
| General Fund               |                         |               |                                 |
| Undistributed Instruction  |                         |               |                                 |
| Tuition to County          |                         |               |                                 |
| Voc. School Dist.-Special  | \$20,456                | \$72,192      | \$51,736                        |
| Tuition – State Facilities |                         | 35,465        | 35,465                          |
| Tuition – Other            | 3,020                   | 4,541         | 1,521                           |

The above variances were the result of audit adjustments and were offset with other available resources.

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**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, 2015 is as follows:

|                             |                    |                   |
|-----------------------------|--------------------|-------------------|
| Balance, July 1, 2014       |                    | \$ 195,425        |
| Increased by:               |                    |                   |
| Interest Earnings           | \$ 147             |                   |
| Deposit by Board Resolution | <u>          -</u> |                   |
|                             |                    | <u>147</u>        |
| Balance, June 30, 2015      |                    | <u>\$ 195,572</u> |

**D. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2015 is \$177,699. This amount was designated and appropriated in the 2015/2016 original budget certified for taxes.

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$1,478,535 and bank and brokerage firm balances of the Board's deposits amounted to \$1,789,635. 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>1,789,635</u> |
|---------|---------------------|

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board's bank balances were not exposed to custodial credit risk.

**Investments**

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

As of June 30, 2015, the Board had the following investments:

| <u>Investment:</u> | <u>Fair Value</u> |
|--------------------|-------------------|
| U.S. Government    |                   |
| NJ ARM             | \$ <u>1,138</u>   |

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**Investments (Continued)**

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2015, \$1,138 of the Board’s investments was exposed to custodial credit risk as follows:

|   | <u>Fair<br/>Value</u> |
|---|-----------------------|
| <u>Uninsured and Collateralized:</u>  |                       |
| Collateral held by pledging financial institutions' trust department or agent<br>but not in the District's name | \$ <u>1,138</u>       |

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

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

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the Board’s investments are in NJARM. These investments are 100% of the District’s total investments.

The fair value of the above-listed investment was based on quoted market prices.

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

**B. Receivables**

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

|                       | <u>General</u>      | <u>Special<br/>Revenue</u> | <u>Food<br/>Service</u> | <u>Total</u>        |
|-----------------------|---------------------|----------------------------|-------------------------|---------------------|
| Receivables:          |                     |                            |                         |                     |
| Intergovernmental     |                     |                            |                         |                     |
| Federal               |                     | \$ 156,161                 | \$ 14,520               | \$ 170,681          |
| State                 | \$ 40,322           |                            | 338                     | 40,660              |
| Local                 | <u>1,043,658</u>    | -                          | -                       | <u>1,043,658</u>    |
| Gross Receivables     | 1,083,980           | 156,161                    | 14,858                  | 1,254,999           |
| Less: Allowance for   |                     |                            |                         |                     |
| Uncollectibles        | -                   | -                          | -                       | -                   |
| Net Total Receivables | <u>\$ 1,083,980</u> | <u>\$ 156,161</u>          | <u>\$ 14,858</u>        | <u>\$ 1,254,999</u> |

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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:

|   | <u>Total</u>      |
|---|-------------------|
| Special Revenue Fund                              |                   |
| Unencumbered Grant Draw Downs                     | \$ <u>112</u>     |
| <br>Total Unearned Revenue for Governmental Funds | <br>\$ <u>112</u> |

**D. Capital Assets**

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

|  | Balance,<br><u>July 1, 2014</u> | <u>Increases</u>    | <u>Decreases</u> | Balance,<br><u>June 30, 2015</u> |
|--|---------------------------------|---------------------|------------------|----------------------------------|
| <b>Governmental Activities:</b>                  |                                 |                     |                  |                                  |
| Capital Assets, Not Being Depreciated:           |                                 |                     |                  |                                  |
| Land   | \$ <u>471,800</u>               | <u>-</u>            | <u>-</u>         | \$ <u>471,800</u>                |
| Total Capital Assets, Not Being Depreciated      | <u>471,800</u>                  | <u>-</u>            | <u>-</u>         | <u>471,800</u>                   |
| <br>Capital Assets, Being Depreciated:           |                                 |                     |                  |                                  |
| Buildings and Building Improvements              | 30,178,702                      |                     |                  | 30,178,702                       |
| Machinery and Equipment                          | <u>2,596,536</u>                | \$ <u>254,048</u>   | <u>-</u>         | <u>2,850,584</u>                 |
| Total Capital Assets Being Depreciated           | <u>32,775,238</u>               | <u>254,048</u>      | <u>-</u>         | <u>33,029,286</u>                |
| <br>Less Accumulated Depreciation for:           |                                 |                     |                  |                                  |
| Buildings and Building Improvements              | (5,833,754)                     | (655,130)           |                  | (6,488,884)                      |
| Machinery and Equipment                          | <u>(1,270,310)</u>              | <u>(107,652)</u>    | <u>-</u>         | <u>(1,377,962)</u>               |
| Total Accumulated Depreciation                   | <u>(7,104,064)</u>              | <u>(762,782)</u>    | <u>-</u>         | <u>(7,866,846)</u>               |
| <br>Total Capital Assets, Being Depreciated, Net | <u>25,671,174</u>               | <u>(508,734)</u>    | <u>-</u>         | <u>25,162,440</u>                |
| <br>Governmental Activities Capital Assets, Net  | <u>\$ 26,142,974</u>            | <u>\$ (508,734)</u> | <u>\$ -</u>      | <u>\$ 25,634,240</u>             |

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**D. Capital Assets (Continued)**

|  | Balance,<br><u>July 1, 2014</u> | <u>Increases</u>  | <u>Decreases</u> | Balance,<br><u>June 30, 2015</u> |
|--|---------------------------------|-------------------|------------------|----------------------------------|
| <b>Business-Type Activities:</b>             |                                 |                   |                  |                                  |
| Capital Assets, Being Depreciated:           |                                 |                   |                  |                                  |
| Machinery and Equipment                      | \$ 229,230                      | -                 | -                | \$ 229,230                       |
| Total Capital Assets Being Depreciated       | <u>229,230</u>                  | <u>-</u>          | <u>-</u>         | <u>229,230</u>                   |
| Less Accumulated Depreciation for:           |                                 |                   |                  |                                  |
| Machinery and Equipment                      | <u>(178,299)</u>                | <u>\$ (8,327)</u> | <u>-</u>         | <u>(186,626)</u>                 |
| Total Accumulated Depreciation               | <u>(178,299)</u>                | <u>(8,327)</u>    | <u>-</u>         | <u>(186,626)</u>                 |
| Total Capital Assets, Being Depreciated, Net | <u>50,931</u>                   | <u>(8,327)</u>    | <u>-</u>         | <u>42,604</u>                    |
| Business-Type Activities Capital Assets, Net | <u>\$ 50,931</u>                | <u>\$ (8,327)</u> | <u>\$ -</u>      | <u>\$ 42,604</u>                 |

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

**Governmental Activities:**

|  |                   |
|--|-------------------|
| Instruction  |                   |
| Regular  | \$ 220,260        |
| Total Instruction                                    | <u>220,260</u>    |
| Support Services                                     |                   |
| Support Services-Students                            | 31,356            |
| General Administration                               | 13,189            |
| School Administration                                | 53,946            |
| Operations and Maintenance                           | 393,895           |
| Transportation                                       | <u>50,136</u>     |
| Total Support Services                               | <u>542,522</u>    |
| Total Depreciation Expense - Governmental Activities | <u>\$ 762,782</u> |

**Business-Type Activities:**

|   |                 |
|---|-----------------|
| Food Service Fund                                   | \$ 8,327        |
| Total Depreciation Expense-Business-Type Activities | <u>\$ 8,327</u> |

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

**Due to/from other funds**

| <u>Receivable Fund</u>                      | <u>Payable Fund</u>          | <u>Amount</u>     |
|---|------------------------------|-------------------|
| General Fund                                | Food Service Enterprise Fund | \$ 68,415         |
| General Fund                                | Special Revenue Fund         | 104,437           |
| Bridges to Learning Program Enterprise Fund | General Fund                 | 171,402           |
| Payroll Agency Fund                         | General Fund                 | 10,864            |
| Capital Projects Fund                       | General Fund                 | 64,077            |
| Unemployment Compensation Trust Fund        | Payroll Agency Fund          | 18,000            |
|   |                              | <u>\$ 437,195</u> |

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

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

**F. Leases**

**Capital Leases**

The District is leasing copiers, smart boards and computers totaling \$1,230,758 under capital leases. The leases are for terms of 4 to 5 years.

The capital assets acquired through capital leases are as follows:

|                                |                                    |
|--------------------------------|------------------------------------|
|                                | <u>Governmental<br/>Activities</u> |
| Machinery and Equipment        | \$ 1,002,393                       |
| Less: Accumulated Depreciation | <u>(400,958)</u>                   |
| Total                          | <u>\$ 601,435</u>                  |

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**F. Leases (Continued)**

**Capital Leases (Continued)**

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

| <u>Fiscal</u><br><u>Year Ending June 30</u> | <u>Governmental</u><br><u>Activities</u> |
|---|--|
| 2016  | \$ 290,792                               |
| 2017  | 272,278                                  |
| 2018  | 272,278                                  |
| 2019  | <u>17,935</u>                            |
| Total minimum lease payments                | 853,283                                  |
| Less: amount representing interest          | <u>(25,935)</u>                          |
| Present value of minimum lease payments     | <u>\$ 827,348</u>                        |

**G. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2015 are comprised of the following issues:

|  |                     |
|--|---------------------|
| \$23,581,000, 2007 Bonds, due in annual installments of \$700,000 to \$730,000 through January 15, 2017, interest at 4.5%                  | \$1,430,000         |
| \$9,305,000, 2014 Refunding Bonds, due in annual installments of \$25,000 to \$1,080,000 through January 15, 2027, interest at 2.0% - 5.0% | 9,235,000           |
| \$9,475,000, 2015 Refunding Bonds, due in annual installments of \$145,000 to \$1,480,000 through January 15, 2034 interest at 1.5% - 4.0% | <u>9,475,000</u>    |
| Total  | <u>\$20,140,000</u> |

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

**Governmental Activities:**

| Fiscal<br>Year Ending<br><u>June 30,</u> | <u>Serial Bonds</u>  |                     | <u>Total</u>         |
|--|----------------------|---------------------|----------------------|
|  | <u>Principal</u>     | <u>Interest</u>     |                      |
| 2016                                     | \$ 870,000           | \$ 681,493          | \$ 1,551,493         |
| 2017                                     | 755,000              | 734,050             | 1,489,050            |
| 2018                                     | 785,000              | 700,700             | 1,485,700            |
| 2019                                     | 810,000              | 677,150             | 1,487,150            |
| 2020                                     | 840,000              | 644,750             | 1,484,750            |
| 2021-2025                                | 4,630,000            | 2,767,750           | 7,397,750            |
| 2026-2030                                | 5,850,000            | 1,761,300           | 7,611,300            |
| 2031-2035                                | 5,600,000            | 570,200             | 6,170,200            |
|  | <u>\$ 20,140,000</u> | <u>\$ 8,537,393</u> | <u>\$ 28,677,393</u> |

**Statutory Borrowing Power**

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

|  |                      |
|--|----------------------|
| 4% of Equalized Valuation Basis (Municipal)        | \$ 38,802,044        |
| Less: Net Debt (Including Unfunded Authorizations) | <u>20,140,325</u>    |
| Remaining Borrowing Power                          | <u>\$ 18,661,719</u> |

**Advance and Current Refundings of Debt**

On September 25, 2014, the District issued \$9,305,000 in School District Refunding Bonds having an interest rate of 2.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various School District Bonds of the District. The total bond principal defeased was \$9,275,000 and the total interest payments defeased to the call date was \$3,501,435. The net proceeds of \$10,171,816 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$896,816. This amount has been reported as Deferred Outflows of Resources on the financial statements and amortized over the remaining life of the new debt issued, which is shorter than the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$528,380 and resulted in an economic gain of \$460,200.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**Advance and Current Refundings of Debt (Continued)**

On April 14, 2015 the District issued \$9,475,000 in School District Refunding Bonds having an interest rate of 1.5% to 4.0%. These Bonds were issued in order to advance refund certain principal maturities and certain interest payments of various school district bonds of the District. The total bond principal defeased was \$9,245,000 and the total interest payments defeased to the call date was \$855,163. The net proceeds of \$10,009,663 (after payment of underwriting fees insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in substance debt defeasance and the refunded liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$764,663. This amount has been reported as Deferred Outflows of Resources on the financial statements amortized over the remaining life of the new debt issued, which is shorter than the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 19 years by \$1,078,007 and resulted in an economic gain of \$845,428.

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

|                                 | <u>Balance,</u><br><u>July 1, 2014</u> | <u>Additions</u>     | <u>Reductions</u>      | <u>Balance,</u><br><u>June 30, 2015</u> | <u>Due</u><br><u>Within</u><br><u>One Year</u> |
|---------------------------------|--|----------------------|------------------------|---|--|
| <b>Governmental Activities:</b> |  |                      |                        |   |  |
| Bonds Payable                   | \$ 20,620,000                          | \$ 18,780,000        | \$ (19,260,000)        | \$ 20,140,000                           | \$ 870,000                                     |
| Add: Premium                    | -                                      | 1,696,069            | (40,666)               | 1,655,403                               | -  |
| Total Bonds Payable             | 20,620,000                             | 20,476,069           | (19,300,666)           | 21,795,403                              | 870,000  |
| Capital Leases Payable          | 862,092                                | 174,388              | (209,132)              | 827,348                                 | 273,583  |
| Net Pension Liability           | 1,837,591                              | 82,954               |                        | 1,920,545                               |  |
| Compensated Absences            | 223,058                                | 100,439              | (3,792)                | 319,705                                 | 10,000   |
| Governmental Activity           |  |                      |                        |   |  |
| Long-Term Liabilities           | <u>\$ 21,705,150</u>                   | <u>\$ 41,309,919</u> | <u>\$ (38,814,256)</u> | <u>\$ 46,658,404</u>                    | <u>\$ 2,023,583</u>                            |

For the governmental activities, the liability for compensated absences is generally liquidated by the general fund.

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

NJSBAIG 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 insurance fund is 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:

| Fiscal<br>Year Ended<br><u>June 30,</u> | District<br><u>Contributions</u> | Employee<br><u>Contributions</u> | Amount<br><u>Reimbursed</u> | Ending<br><u>Balance</u> |
|---|----------------------------------|----------------------------------|-----------------------------|--------------------------|
| 2015                                    | \$ 55,213                        | \$ 3,500                         | \$ 48,064                   | \$ 27,504                |
| 2014                                    | 35,000                           | 22,651                           | 108,429                     | 16,836                   |
| 2013                                    | 68,776                           | 9,968                            | 30,474                      | 67,564                   |

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

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

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS and 6.9% for TPAF of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal<br>Year Ended<br><u>June 30,</u> | <u>PERS</u> | On-behalf<br><u>TPAF</u> |
|---|-------------|--------------------------|
| 2015                                    | \$ 271,476  | \$ 546,987               |
| 2014                                    | 234,285     | 456,515                  |
| 2013                                    | 247,114     | 710,894                  |

For fiscal years 2014/2015 and 2012/2013, the state contributed \$546,987 and \$710,894, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$456,515 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$789,656 during the fiscal year ended June 30, 2015 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$1,920,545 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District’s proportionate share was .01025 percent, which was an increase of .00064 from its proportionate share measured as of June 30, 2013.

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$304,690 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Changes of Assumptions  | \$ 60,392                                 |  |
| Net Difference Between Projected and Actual<br>Earnings on Pension Plan Investments                                 |   | \$ 114,454                               |
| Changes in Proportion and Differences Between<br>District Contributions and Proportionate Share<br>of Contributions | <u>103,802</u>                            | <u>-</u>                                 |
| Total   | <u>\$ 164,194</u>                         | <u>\$ 114,454</u>                        |

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

| Fiscal Year<br>Ending<br><u>June 30,</u> |                    |
|--|--------------------|
| 2016                                     | \$ (16,112)        |
| 2017                                     | (16,112)           |
| 2018                                     | (16,112)           |
| 2019                                     | (16,112)           |
| 2020                                     | 10,214             |
| Thereafter                               | <u>4,494</u>       |
|  | <u>\$ (49,740)</u> |

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

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

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

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

| <u>Asset Class</u>          | <u>Target<br/>Allocation</u> | <u>PERS</u> |
|-----------------------------|------------------------------|-------------|
| Cash                        | 6.00%                        | 0.80%       |
| Core Bonds                  | 1.00%                        | 2.49%       |
| Intermediate-Term Bonds     | 11.20%                       | 2.26%       |
| Mortgages                   | 2.50%                        | 2.17%       |
| High Yield Bonds            | 5.50%                        | 4.82%       |
| Inflation-Indexed Bonds     | 2.50%                        | 3.51%       |
| Broad US Equities           | 25.90%                       | 8.22%       |
| Developed Foreign Equities  | 12.20%                       | 8.12%       |
| Emerging Market Equities    | 6.50%                        | 9.91%       |
| Private Equity              | 8.25%                        | 13.02%      |
| Hedge Funds/Absolute Return | 12.25%                       | 4.92%       |
| Real Estate (Property)      | 3.20%                        | 5.80%       |
| Commodities                 | 2.50%                        | 5.35%       |

***Discount Rate***

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

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



**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% 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, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,130,495 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$57,675,711. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

**Actuarial Assumptions**

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

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

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

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

| <u>TPAF</u>  |                                  |
|--|----------------------------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: |                                  |
| Long-Term Expected Rate of Return  | Through June 30, 2027            |
| Municipal Bond Rate *  | From July 1, 2027 and Thereafter |

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

***Sensitivity of Net Pension Liability***

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

|  | <b>1%<br/>Decrease<br/><u>(3.68%)</u></b> | <b>Current<br/>Discount Rate<br/><u>(4.68%)</u></b> | <b>1%<br/>Increase<br/><u>(5.68%)</u></b> |
|--|---|---|---|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | <u>\$ 69,368,885</u>                      | <u>\$ 57,675,711</u>                                | <u>\$ 47,950,433</u>                      |

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](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 plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$868,342, \$748,511 and \$803,843, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 SUBSEQUENT EVENT**

In July 2015, the District entered into a settlement agreement with the Lincoln Park Board of Education with respect to tuition fees for a sending/receiving relationship by Lincoln park students attending Boonton High School

As part of this settlement agreement, the Boonton Town Public Schools will pay \$424,190 to the Lincoln park Board of Education as a refund for prior year's tuition overpayments. Payments will be made in two (2) equal installments of \$212,095 with the first payment occurring during the 2015-16 fiscal year and the second payment occurring during the 2016-17 fiscal year.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 6 RESTATEMENT**

On July 1, 2014, the Town of Boonton School District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Town of Boonton School District has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of governmental activities net position in the amount of \$1,837,591. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$4,928,817 as originally reported to \$3,091,226 as adjusted for the effects of the change in accounting principle. A prior period adjustment has been made to the Management's Discussion and Analysis (MD&A) for the above adjustment.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

|   | Original<br>Budget | Adjustments     | Final<br>Budget   | Actual            | Variance<br>Final To<br>Actual |
|---|--------------------|-----------------|-------------------|-------------------|--------------------------------|
| <b>REVENUES</b>   |                    |                 |                   |                   |                                |
| Local Sources   |                    |                 |                   |                   |                                |
| Local Tax Levy  | \$ 16,949,406      |                 | \$ 16,949,406     | \$ 16,949,406     |                                |
| Additional Local Tax Levy                                     | 50,095             |                 | 50,095            | 50,095            |                                |
| Tuition   | 6,877,968          |                 | 6,877,968         | 6,454,946         | \$ (423,022)                   |
| Interest Earned on Capital Reserve                            |                    |                 |                   | 63                | 63                             |
| Unrestricted Miscellaneous Revenues                           | 392,905            | -               | 392,905           | 343,322           | (49,583)                       |
| <b>Total Local Sources</b>                                    | <b>24,270,374</b>  | <b>-</b>        | <b>24,270,374</b> | <b>23,797,832</b> | <b>(472,542)</b>               |
| State Sources   |                    |                 |                   |                   |                                |
| School Choice Aid   | 73,680             |                 | 73,680            | 29,472            | (44,208)                       |
| Transportation Aid  | 11,589             |                 | 11,589            | 11,589            |                                |
| Extraordinary Aid   | 60,000             |                 | 60,000            | 211,473           | 151,473                        |
| Special Education Aid   | 587,566            |                 | 587,566           | 587,566           |                                |
| Equalization Aid  | 434,008            |                 | 434,008           | 434,008           |                                |
| Security Aid  | 46,136             |                 | 46,136            | 46,136            |                                |
| Additional Adjustment Aid                                     | 14,736             |                 | 14,736            | 14,736            |                                |
| PARCC Readiness Aid   | 10,290             |                 | 10,290            | 10,290            |                                |
| Per Pupil Growth Aid  | 10,290             |                 | 10,290            | 10,290            |                                |
| TPAF Pension System Contribution (On-Behalf - Non-Budgeted)   |                    |                 |                   | 510,275           | 510,275                        |
| TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)    |                    |                 |                   | 36,712            | 36,712                         |
| TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted) |                    |                 |                   | 868,342           | 868,342                        |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted)  | -                  | -               | -                 | 789,656           | 789,656                        |
| <b>Total State Sources</b>                                    | <b>1,248,295</b>   | <b>-</b>        | <b>1,248,295</b>  | <b>3,560,545</b>  | <b>2,312,250</b>               |
| Federal Sources   |                    |                 |                   |                   |                                |
| Medicaid Reimbursement  | 42,000             | -               | 42,000            | 48,652            | 6,652                          |
| <b>Total Federal Sources</b>                                  | <b>42,000</b>      | <b>-</b>        | <b>42,000</b>     | <b>48,652</b>     | <b>6,652</b>                   |
| <b>Total Revenues</b>   | <b>25,560,669</b>  | <b>-</b>        | <b>25,560,669</b> | <b>27,407,029</b> | <b>1,846,360</b>               |
| <b>EXPENDITURES</b>   |                    |                 |                   |                   |                                |
| CURRENT   |                    |                 |                   |                   |                                |
| Instruction - Regular Programs                                |                    |                 |                   |                   |                                |
| Salaries of Teachers  |                    |                 |                   |                   |                                |
| Kindergarten  | 300,069            | \$ 70,251       | 370,320           | 370,320           |                                |
| Grades 1-5  | 1,746,184          | 117,449         | 1,863,633         | 1,863,633         |                                |
| Grades 6-8  | 1,184,818          | (162,814)       | 1,022,004         | 1,022,004         |                                |
| Grades 9-12   | 3,053,120          | 1,958           | 3,055,078         | 3,055,078         |                                |
| Regular Programs - Home Instruction                           |                    |                 |                   |                   |                                |
| Salaries of Teachers  | 11,000             | (6,087)         | 4,913             | 4,913             |                                |
| Regular Programs - Undistributed Instruction                  |                    |                 |                   |                   |                                |
| Other Purchased Services                                      | 94,451             | 16,996          | 111,447           | 105,722           | 5,725                          |
| General Supplies  | 237,442            | 143,241         | 380,683           | 368,785           | 11,898                         |
| Textbooks   | 88,832             | (35,205)        | 53,627            | 53,627            |                                |
| Other Objects   | 33,211             | (6,326)         | 26,885            | 25,659            | 1,226                          |
| Assets Acquired Under Capital Lease (non-budget)              | -                  | -               | -                 | 174,388           | (174,388)                      |
| <b>Total Regular Programs</b>                                 | <b>6,749,127</b>   | <b>139,463</b>  | <b>6,888,590</b>  | <b>7,044,129</b>  | <b>(155,539)</b>               |
| Special Education   |                    |                 |                   |                   |                                |
| Learning and/or Language Disabilities                         |                    |                 |                   |                   |                                |
| Salaries of Teachers  | 221,274            | (18,727)        | 202,547           | 202,547           |                                |
| Other Salaries for Instruction                                | 164,354            | (44,598)        | 119,756           | 119,756           |                                |
| General Supplies  | 3,400              | (534)           | 2,866             | 2,852             | 14                             |
| <b>Total Learning and/or Language Disabilities</b>            | <b>389,028</b>     | <b>(63,859)</b> | <b>325,169</b>    | <b>325,155</b>    | <b>14</b>                      |

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

|   | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final To<br/>Actual</u> |
|---|----------------------------|--------------------|-------------------------|------------------|---|
| <b>EXPENDITURES</b>                             |                            |                    |                         |                  |   |
| CURRENT (Continued)                             |                            |                    |                         |                  |   |
| Multiple Disabilities                           |                            |                    |                         |                  |   |
| Salaries of Teachers                            | \$ 172,775                 | \$ (19,485)        | \$ 153,290              | \$ 153,290       |   |
| Other Salaries for Instruction                  | 187,823                    | 23,080             | 210,903                 | 210,903          |   |
| Purchased Professional Educational Services     | 220,000                    | 5,000              | 225,000                 | 225,000          |   |
| General Supplies                                | 2,140                      | 370                | 2,510                   | 2,510            | -                                       |
| <b>Total Multiple Disabilities</b>              | <b>582,738</b>             | <b>8,965</b>       | <b>591,703</b>          | <b>591,703</b>   | <b>-</b>                                |
| Resource Room/Resource Center                   |                            |                    |                         |                  |   |
| Salaries of Teachers                            | 1,164,307                  | 81,923             | 1,246,230               | 1,246,230        |   |
| Other Salaries for Instruction                  | 501,097                    | 55,936             | 557,033                 | 557,033          |   |
| General Supplies                                | 11,020                     | 1,526              | 12,546                  | 12,135           | \$ 411                                  |
| <b>Total Resource Room/Resource Center</b>      | <b>1,676,424</b>           | <b>139,385</b>     | <b>1,815,809</b>        | <b>1,815,398</b> | <b>411</b>                              |
| Preschool Disabilities - Full Time              |                            |                    |                         |                  |   |
| Salaries of Teachers                            | 205,785                    | 9,768              | 215,553                 | 215,553          |   |
| Other Salaries for Instruction                  | 44,131                     | 58,729             | 102,860                 | 102,860          |   |
| General Supplies                                | 2,215                      | (517)              | 1,698                   | 1,691            | 7                                       |
| <b>Total Preschool Disabilities - Full-Time</b> | <b>252,131</b>             | <b>67,980</b>      | <b>320,111</b>          | <b>320,104</b>   | <b>7</b>                                |
| Home Instruction                                |                            |                    |                         |                  |   |
| Salaries of Teachers                            | 41,000                     | (12,416)           | 28,584                  | 23,808           | 4,776                                   |
| Purchased Professional Educational Services     | 71,000                     | (10,186)           | 60,814                  | 51,056           | 9,758                                   |
| <b>Total Home Instruction</b>                   | <b>112,000</b>             | <b>(22,602)</b>    | <b>89,398</b>           | <b>74,864</b>    | <b>14,534</b>                           |
| <b>Total Special Education</b>                  | <b>3,012,321</b>           | <b>129,869</b>     | <b>3,142,190</b>        | <b>3,127,224</b> | <b>14,966</b>                           |
| Basic Skills/Remedial                           |                            |                    |                         |                  |   |
| General Supplies                                | 480                        | (413)              | 67                      | 67               | -                                       |
| <b>Total Basic Skills/Remedial</b>              | <b>480</b>                 | <b>(413)</b>       | <b>67</b>               | <b>67</b>        | <b>-</b>                                |
| Bilingual Education                             |                            |                    |                         |                  |   |
| Salaries of Teachers                            | 62,811                     | 26,641             | 89,452                  | 89,452           |   |
| General Supplies                                | 5,766                      | (23)               | 5,743                   | 1,369            | 4,374                                   |
| Other Objects                                   | 280                        | 20                 | 300                     | 300              | -                                       |
| <b>Total Bilingual Education</b>                | <b>68,857</b>              | <b>26,638</b>      | <b>95,495</b>           | <b>91,121</b>    | <b>4,374</b>                            |

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**EXHIBIT C-1**

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|--------------------|-------------------------|-------------------|---|
| <b>EXPENDITURES</b>  |                            |                    |                         |                   |   |
| CURRENT (Continued)  |                            |                    |                         |                   |   |
| School Sponsored Co-Curricular Activities                    |                            |                    |                         |                   |   |
| Salaries   | \$ 114,191                 | \$ 30,234          | \$ 144,425              | \$ 144,425        |   |
| Purchased Services   | 14,107                     | (13,678)           | 429                     | 429               |   |
| Supplies and Materials                                       | 4,725                      | (4,725)            | -                       | -                 | -                                       |
| <b>Total School Sponsored Co-Curricular Activities</b>       | <b>133,023</b>             | <b>11,831</b>      | <b>144,854</b>          | <b>144,854</b>    | <b>-</b>                                |
| School Sponsored Athletics                                   |                            |                    |                         |                   |   |
| Salaries   | 578,169                    | (10,097)           | 568,072                 | 559,721           | \$ 8,351                                |
| Purchased Services   | 181,400                    | (52,712)           | 128,688                 | 108,941           | 19,747                                  |
| Supplies and Materials                                       | 98,549                     | (11,241)           | 87,308                  | 84,581            | 2,727                                   |
| Other Objects  | 43,965                     | (16,450)           | 27,515                  | 22,749            | 4,766                                   |
| <b>Total School Sponsored Athletics</b>                      | <b>902,083</b>             | <b>(90,500)</b>    | <b>811,583</b>          | <b>775,992</b>    | <b>35,591</b>                           |
| <b>Total Instruction</b>                                     | <b>10,865,891</b>          | <b>216,888</b>     | <b>11,082,779</b>       | <b>11,183,387</b> | <b>(100,608)</b>                        |
| Undistributed Expenditures                                   |                            |                    |                         |                   |   |
| Instruction  |                            |                    |                         |                   |   |
| Tuition to Other LEAs w/i State - Special                    | 408,800                    | (73,169)           | 335,631                 | 335,631           |   |
| Tuition to County Voc. School Dist.-Regular                  | 764,535                    | (124,356)          | 640,179                 | 636,385           | 3,794                                   |
| Tuition to County Voc. School Dist.- Special                 | 107,400                    | (86,944)           | 20,456                  | 72,192            | (51,736)                                |
| Tuition to Priv. Sch. Disabled & Other LEAs-<br>Within State | 640,400                    | 267,827            | 908,227                 | 854,057           | 54,170                                  |
| Tuition - State Facilities                                   | 35,465                     | (35,465)           | -                       | 35,465            | (35,465)                                |
| Tuition - Other  | 25,000                     | (21,980)           | 3,020                   | 4,541             | (1,521)                                 |
| <b>Total Undistributed Expenditures - Instruction</b>        | <b>1,981,600</b>           | <b>(74,087)</b>    | <b>1,907,513</b>        | <b>1,938,271</b>  | <b>(30,758)</b>                         |
| Attendance and Social Work                                   |                            |                    |                         |                   |   |
| Salaries   | 2,000                      | (2,000)            | -                       | -                 | -                                       |
| <b>Total Attendance and Social Work</b>                      | <b>2,000</b>               | <b>(2,000)</b>     | <b>-</b>                | <b>-</b>          | <b>-</b>                                |
| Health Services  |                            |                    |                         |                   |   |
| Salaries   | 249,579                    | 21,475             | 271,054                 | 271,054           |   |
| Purchased Professional and Technical Services                | 8,540                      | 11,772             | 20,312                  | 19,361            | 951                                     |
| Other Purchased Services                                     | 2,398                      | (1,977)            | 421                     | 363               | 58                                      |
| Supplies and Materials                                       | 5,634                      | (264)              | 5,370                   | 5,339             | 31                                      |
| Miscellaneous Expenditures                                   | 609                        | (609)              | -                       | -                 | -                                       |
| <b>Total Health Services</b>                                 | <b>266,760</b>             | <b>30,397</b>      | <b>297,157</b>          | <b>296,117</b>    | <b>1,040</b>                            |

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

|  | Original<br>Budget | Adjustments     | Final<br>Budget | Actual         | Variance<br>Final To<br>Actual |
|--|--------------------|-----------------|-----------------|----------------|--------------------------------|
| <b>EXPENDITURES</b>  |                    |                 |                 |                |                                |
| CURRENT (Continued)  |                    |                 |                 |                |                                |
| Undistributed Expenditures (Continued)   |                    |                 |                 |                |                                |
| Other Support Serv. Students - Speech, OT, PT & Related Serv.                  |                    |                 |                 |                |                                |
| Salaries   | \$ 217,461         | \$ 19,301       | \$ 236,762      | \$ 236,762     |                                |
| Purchased Professional/Educational Services                                    | 108,085            | 22,025          | 130,110         | 108,637        | \$ 21,473                      |
| Supplies and Materials   | 9,200              | (209)           | 8,991           | 8,946          | 45                             |
| <b>Total Other Supp.Serv. Student-<br/>Speech, OT, PT, &amp; Related Serv.</b> | <b>334,746</b>     | <b>41,117</b>   | <b>375,863</b>  | <b>354,345</b> | <b>21,518</b>                  |
| Other Support Services - Students - Extra Serv.                                |                    |                 |                 |                |                                |
| Salaries   | 240,200            | (87,459)        | 152,741         | 152,741        |                                |
| Purchased Professional/Educational Services                                    | 168,300            | 52,255          | 220,555         | 201,502        | 19,053                         |
| <b>Total Other Supp.Serv. Student - Extra Serv.</b>                            | <b>408,500</b>     | <b>(35,204)</b> | <b>373,296</b>  | <b>354,243</b> | <b>19,053</b>                  |
| Guidance   |                    |                 |                 |                |                                |
| Salaries of Other Professional Staff   | 454,381            | 17,557          | 471,938         | 471,938        |                                |
| Salaries of Secretarial & Clerical Assistants                                  | 49,695             | 169             | 49,864          | 49,864         |                                |
| Other Salaries   | 10,500             | (8,816)         | 1,684           | 1,684          |                                |
| Other Purchased Professional and Technical Svs.                                | 22,637             | (19,962)        | 2,675           | 2,565          | 110                            |
| Other Purchased Services   | 18,781             | (8,471)         | 10,310          | 10,310         |                                |
| Supplies and Materials   | 38,983             | (12,152)        | 26,831          | 24,288         | 2,543                          |
| Other Objects  | 2,700              | 1,475           | 4,175           | 4,175          | -                              |
| <b>Total Guidance</b>  | <b>597,677</b>     | <b>(30,200)</b> | <b>567,477</b>  | <b>564,824</b> | <b>2,653</b>                   |
| Child Study Team   |                    |                 |                 |                |                                |
| Salaries of Other Professional Staff   | 609,682            | (14,515)        | 595,167         | 595,167        |                                |
| Salaries of Secretarial & Clerical Assistants                                  | 52,128             | 29,637          | 81,765          | 81,765         |                                |
| Other Salaries   | 25,760             | (7,440)         | 18,320          | 17,753         | 567                            |
| Purchased Professional-Educational Services                                    | 70,500             | (17,010)        | 53,490          | 46,873         | 6,617                          |
| Miscellaneous Purchased Services   | 38,200             | (16,574)        | 21,626          | 20,351         | 1,275                          |
| Supplies and Materials   | 15,486             | 19,585          | 35,071          | 33,517         | 1,554                          |
| Other Objects  | 1,300              | (205)           | 1,095           | 1,095          | -                              |
| <b>Total Child Study Teams</b>   | <b>813,056</b>     | <b>(6,522)</b>  | <b>806,534</b>  | <b>796,521</b> | <b>10,013</b>                  |
| Improvement of Instruction Services  |                    |                 |                 |                |                                |
| Salaries of Supervisors of Instruction   | 273,021            | 3,423           | 276,444         | 276,444        |                                |
| Salaries of Other Professional Staff   |                    | 27,069          | 27,069          | 27,069         |                                |
| Salaries of Secretarial & Clerical Assistants                                  | 49,632             | 12,415          | 62,047          | 62,047         |                                |
| Other Salaries   | 8,000              | (8,000)         | -               | -              |                                |
| Supplies and Materials   | 2,000              | (2,000)         | -               | -              | -                              |
| <b>Total Improvement of Instruction Services</b>                               | <b>332,653</b>     | <b>32,907</b>   | <b>365,560</b>  | <b>365,560</b> | <b>-</b>                       |
| Educational Media/School Library   |                    |                 |                 |                |                                |
| Salaries   | 206,653            | 8,955           | 215,608         | 205,014        | 10,594                         |
| Salaries of Technology Coordinators  | 80,517             | 3,220           | 83,737          | 83,737         |                                |
| Purchased Professional and Technical Services                                  |                    | 13,793          | 13,793          | 13,793         |                                |
| Other Purchased Services   | 8,285              | (816)           | 7,469           | 7,469          |                                |
| Supplies and Materials   | 28,369             | (3,785)         | 24,584          | 24,576         | 8                              |
| Miscellaneous Expenditures   | -                  | 275             | 275             | 247            | 28                             |
| <b>Total Educational Media/School Library</b>                                  | <b>323,824</b>     | <b>21,642</b>   | <b>345,466</b>  | <b>334,836</b> | <b>10,630</b>                  |
| Instructional Staff Training Services  |                    |                 |                 |                |                                |
| Other Salaries   | 129,010            | 15,123          | 144,133         | 144,133        |                                |
| Purchased Professional Educational Services                                    | 13,000             | (9,935)         | 3,065           | 2,480          | 585                            |
| Other Purchased Services   | 20,700             | (12,102)        | 8,598           | 6,308          | 2,290                          |
| Supplies and Materials   | 1,000              | 4,658           | 5,658           | 147            | 5,511                          |
| Other Objects  | 1,000              | (701)           | 299             | 299            | -                              |
| <b>Total Instructional Staff Training Services</b>                             | <b>164,710</b>     | <b>(2,957)</b>  | <b>161,753</b>  | <b>153,367</b> | <b>8,386</b>                   |

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

|  | Original<br>Budget | Adjustments     | Final<br>Budget  | Actual           | Variance<br>Final To<br>Actual |
|--|--------------------|-----------------|------------------|------------------|--------------------------------|
| <b>EXPENDITURES (Continued)</b>                              |                    |                 |                  |                  |                                |
| Support Services General Administration                      |                    |                 |                  |                  |                                |
| Salaries   | \$ 232,411         | \$ (9,597)      | \$ 222,814       | \$ 222,814       |                                |
| Legal Services   | 68,000             | (2,000)         | 66,000           | 53,974           | \$ 12,026                      |
| Audit Fees   | 24,000             |                 | 24,000           | 23,975           | 25                             |
| Other Purchased Professional Services                        | 20,850             | (10,350)        | 10,500           | 2,901            | 7,599                          |
| Purchased Technical Services                                 | 10,000             | (2,738)         | 7,262            | 7,262            |                                |
| Communications/Telephone                                     | 88,603             | 63,931          | 152,534          | 147,021          | 5,513                          |
| Miscellaneous Purchased Services                             | 54,230             | (4,409)         | 49,821           | 48,838           | 983                            |
| General Supplies   | 8,500              | (973)           | 7,527            | 7,527            |                                |
| BOE In-House Training/Meeting Supplies                       | 600                | -               | 600              | 322              | 278                            |
| Miscellaneous Expenditures                                   | 9,000              | 5,807           | 14,807           | 14,107           | 700                            |
| BOE Membership Dues and Fees                                 | 11,000             | (608)           | 10,392           | 10,392           | -                              |
| <b>Total Support Services General Administration</b>         | <b>527,194</b>     | <b>39,063</b>   | <b>566,257</b>   | <b>539,133</b>   | <b>27,124</b>                  |
| Support Services School Administration                       |                    |                 |                  |                  |                                |
| Salaries of Principals/Asst. Principals/Program Directors    | 458,770            | (29,313)        | 429,457          | 429,457          |                                |
| Salaries of Other Professional Staff                         |                    | 93              | 93               | 93               |                                |
| Salaries of Secretarial and Clerical Assistants              | 238,521            | (36,314)        | 202,207          | 202,207          |                                |
| Other Purchased Services                                     | 50,385             | (1,183)         | 49,202           | 46,899           | 2,303                          |
| Supplies and Materials                                       | 16,399             | 15,042          | 31,441           | 9,588            | 21,853                         |
| Other Objects  | 10,524             | 11,024          | 21,548           | 18,079           | 3,469                          |
| <b>Total Support Services School Administration</b>          | <b>774,599</b>     | <b>(40,651)</b> | <b>733,948</b>   | <b>706,323</b>   | <b>27,625</b>                  |
| Undistributed Expenditures - Central Services                |                    |                 |                  |                  |                                |
| Salaries   | 285,011            | 12,674          | 297,685          | 295,943          | 1,742                          |
| Purchased Technical Services                                 | 20,000             | (3,498)         | 16,502           | 16,502           |                                |
| Misc. Purchased Services                                     | 20,600             | 3,215           | 23,815           | 23,815           |                                |
| Supplies and Materials                                       | 8,143              | 459             | 8,602            | 8,602            |                                |
| Miscellaneous Expenditures                                   | 6,175              | (2,249)         | 3,926            | 3,926            | -                              |
| <b>Total Undistributed Expenditures - Central Services</b>   | <b>339,929</b>     | <b>10,601</b>   | <b>350,530</b>   | <b>348,788</b>   | <b>1,742</b>                   |
| Undistributed Expenditures - Admin. Info. Tech.              |                    |                 |                  |                  |                                |
| Purchased Technical Services                                 |                    | 21,270          | 21,270           | 21,270           |                                |
| Supplies and Materials                                       | 297,079            | (92,314)        | 204,765          | 198,983          | 5,782                          |
| <b>Total Undistributed Expenditures - Admin. Info. Tech.</b> | <b>297,079</b>     | <b>(71,044)</b> | <b>226,035</b>   | <b>220,253</b>   | <b>5,782</b>                   |
| Required Maintenance for School Facilities                   |                    |                 |                  |                  |                                |
| Salaries   | 195,682            | (4,344)         | 191,338          | 187,148          | 4,190                          |
| Cleaning, Repair and Maintenance Services                    | 131,428            | 71,002          | 202,430          | 171,647          | 30,783                         |
| General Supplies   | 34,000             | (26,878)        | 7,122            | 6,340            | 782                            |
| Other Objects  | 800                | -               | 800              | -                | 800                            |
| <b>Total Required Maintenance for School Facilities</b>      | <b>361,910</b>     | <b>39,780</b>   | <b>401,690</b>   | <b>365,135</b>   | <b>36,555</b>                  |
| Custodial Services   |                    |                 |                  |                  |                                |
| Salaries   | 71,508             | (19,594)        | 51,914           | 51,828           | 86                             |
| Salaries of Non-Instructional Aides                          | 556,669            | (32,756)        | 523,913          | 522,206          | 1,707                          |
| Cleaning, Repair and Maintenance Services                    | 26,000             | 11,795          | 37,795           | 37,399           | 396                            |
| Other Purchased Property Services                            | 122,925            | 30,028          | 152,953          | 134,659          | 18,294                         |
| Insurance  | 207,400            | 13,249          | 220,649          | 220,649          |                                |
| General Supplies   | 62,795             | 16,263          | 79,058           | 76,064           | 2,994                          |
| Energy (Electricity)   | 270,500            | 1,073           | 271,573          | 229,929          | 41,644                         |
| Energy (Natural Gas)   | 128,000            | 15,906          | 143,906          | 129,651          | 14,255                         |
| Energy (Oil)   | 3,200              |                 | 3,200            | 1,711            | 1,489                          |
| Other Objects  | 4,000              | (4,000)         | -                | -                | -                              |
| <b>Total Custodial Services</b>                              | <b>1,452,997</b>   | <b>31,964</b>   | <b>1,484,961</b> | <b>1,404,096</b> | <b>80,865</b>                  |

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

| <b>EXPENDITURES (Continued)</b>   | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final To<br/>Actual</u> |
|---|----------------------------|--------------------|-------------------------|---------------|---|
| Care and Upkeep of Grounds  |                            |                    |                         |               |   |
| Salaries  | -                          | \$ 196             | \$ 196                  | \$ 196        | -                                       |
| Total Care and Upkeep of Grounds  | -                          | 196                | 196                     | 196           | -                                       |
| Student Transportation Services   |                            |                    |                         |               |   |
| Salaries of Non Instructional Aides                                       |                            | 878                | 878                     | 878           |   |
| Salaries for Pupil Transportation (Between Home and School) - Special Ed. | \$ 26,790                  | 12,298             | 39,088                  | 39,088        |   |
| Salaries for Pupil Transportation (Other Than Between Home and School)    | 40,840                     | (13,923)           | 26,917                  | 21,838        | \$ 5,079                                |
| Cleaning, Repair and Maintenance Services                                 | 8,000                      | 7,227              | 15,227                  | 14,732        | 495                                     |
| Lease Purchase Payments - School Buses                                    | 10,636                     | (9,536)            | 1,100                   |               | 1,100                                   |
| Contracted Services (Between Home and School) - Vendors                   | 45,000                     | (883)              | 44,117                  | 33,670        | 10,447                                  |
| Contracted Services (Other Than Between Home and School ) - Vendors       | 65,500                     | 44,450             | 109,950                 | 90,007        | 19,943                                  |
| Contracted Services (Special Ed Students) - Vendors                       | 206,000                    | 169,218            | 375,218                 | 351,343       | 23,875                                  |
| Contracted Services - Aide in Lieu Payments                               | 22,150                     | (22,150)           |                         |               |   |
| Miscellaneous Purchased Services - Transportation                         | 3,000                      | (1,520)            | 1,480                   | 175           | 1,305                                   |
| General Supplies  | 16,000                     | (625)              | 15,375                  | 8,484         | 6,891                                   |
| Other Objects   | 2,000                      | (650)              | 1,350                   | 360           | 990                                     |
| Total Student Transportation Services                                     | 445,916                    | 184,784            | 630,700                 | 560,575       | 70,125                                  |
| Allocated Benefits  |                            |                    |                         |               |   |
| Regular Programs - Instruction  |                            |                    |                         |               |   |
| Health Benefits   | 1,868,490                  | (1,868,490)        | -                       | -             | -                                       |
| Total Regular Programs - Instruction                                      | 1,868,490                  | (1,868,490)        | -                       | -             | -                                       |
| Special Programs - Instruction  |                            |                    |                         |               |   |
| Health Benefits   | 928,720                    | (928,720)          | -                       | -             | -                                       |
| Total Special Programs - Instruction                                      | 928,720                    | (928,720)          | -                       | -             | -                                       |
| Other Instructional Programs - Instruction                                |                            |                    |                         |               |   |
| Health Benefits   | 109,168                    | (109,168)          | -                       | -             | -                                       |
| Total Other Instructional Programs - Instruction                          | 109,168                    | (109,168)          | -                       | -             | -                                       |

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**EXHIBIT C-1**

| <b>EXPENDITURES (Continued)</b>   | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final To<br/>Actual</u> |
|---|----------------------------|--------------------|-------------------------|---------------|---|
| Undist. Expend. - Health Services                                       |                            |                    |                         |               |   |
| Health Benefits   | \$ 70,869                  | \$ (70,869)        | -                       | -             | -                                       |
| Total Undist. Expend. - Health Services                                 | <u>70,869</u>              | <u>(70,869)</u>    | <u>-</u>                | <u>-</u>      | <u>-</u>                                |
| Undist. Expend. - Speech, OT, PT and Related Services                   |                            |                    |                         |               |   |
| Health Benefits   | 87,751                     | (87,751)           | -                       | -             | -                                       |
| Total Undist. Expend. - Speech, OT, PT and Related Services             | <u>87,751</u>              | <u>(87,751)</u>    | <u>-</u>                | <u>-</u>      | <u>-</u>                                |
| Undist. Expend. - Other Support Services - Extraordinary Services       |                            |                    |                         |               |   |
| Health Benefits   | 131,585                    | (131,585)          | -                       | -             | -                                       |
| Total Undist. Expend. - Other Support Services - Extraordinary Services | <u>131,585</u>             | <u>(131,585)</u>   | <u>-</u>                | <u>-</u>      | <u>-</u>                                |
| Undist. Expend. - Guidance  |                            |                    |                         |               |   |
| Health Benefits   | 166,084                    | (166,084)          | -                       | -             | -                                       |
| Total Undist. Expend. - Guidance  | <u>166,084</u>             | <u>(166,084)</u>   | <u>-</u>                | <u>-</u>      | <u>-</u>                                |
| Undist. Expend. - Child Study Team                                      |                            |                    |                         |               |   |
| Health Benefits   | 181,485                    | (181,485)          | -                       | -             | -                                       |
| Total Undist. Expend. - Child Study Team                                | <u>181,485</u>             | <u>(181,485)</u>   | <u>-</u>                | <u>-</u>      | <u>-</u>                                |
| Undist. Expend. - Improvement of Instruction Services                   |                            |                    |                         |               |   |
| Health Benefits   | 43,200                     | (43,200)           | -                       | -             | -                                       |
| Total Undist. Expend. - Improvement of Instruction Services             | <u>43,200</u>              | <u>(43,200)</u>    | <u>-</u>                | <u>-</u>      | <u>-</u>                                |
| Undist. Expend. - Educational Media Serv.-Sch. Library                  |                            |                    |                         |               |   |
| Health Benefits   | 119,470                    | (119,470)          | -                       | -             | -                                       |
| Total Undist. Expend. - Educ. Media Serv.-Sch. Library                  | <u>119,470</u>             | <u>(119,470)</u>   | <u>-</u>                | <u>-</u>      | <u>-</u>                                |

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**EXHIBIT C-1**

|   | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final To<br/>Actual</u> |
|---|----------------------------|--------------------|-------------------------|---------------|---|
| <b>EXPENDITURES (Continued)</b>   |                            |                    |                         |               |   |
| Undist. Expend. - Support Serv. - General Administration<br>Health Benefits   | \$ 41,985                  | \$ (41,985)        | -                       | -             | -                                       |
| Total Undist. Expend. - Support Serv.-General Administration                  | 41,985                     | (41,985)           | -                       | -             | -                                       |
| Undist. Expend. - Support Serv. - School Administration<br>Health Benefits    | 177,949                    | (177,949)          | -                       | -             | -                                       |
| Total Undist. Expend. - Support Serv.-School Administration                   | 177,949                    | (177,949)          | -                       | -             | -                                       |
| Undist. Expend. - Support Serv.-Central Services<br>Health Benefits           | 60,500                     | (60,500)           | -                       | -             | -                                       |
| Total Undist. Expend. - Support Serv.-Central Services                        | 60,500                     | (60,500)           | -                       | -             | -                                       |
| Undist. Expend. - Operation and Maintenance of Plant Serv.<br>Health Benefits | 248,215                    | (248,215)          | -                       | -             | -                                       |
| Total Undist. Expend. - Operation and Maintenance of Plant Serv.              | 248,215                    | (248,215)          | -                       | -             | -                                       |
| Undist. Expend. - Student Transportation Services<br>Health Benefits          | 11,100                     | (11,100)           | -                       | -             | -                                       |
| Total Undist. Expend. - Student Transportation Services                       | 11,100                     | (11,100)           | -                       | -             | -                                       |
| Total Allocated Benefits  | 4,246,571                  | (4,246,571)        | -                       | -             | -                                       |
| <b>Unallocated Benefits</b>   |                            |                    |                         |               |   |
| Social Security Contributions   | 278,900                    | 59,797             | \$ 338,697              | \$ 338,697    |   |
| Other Retirement Contributions - PERS   | 307,290                    | (35,814)           | 271,476                 | 271,476       |   |
| Unemployment Compensation   | 96,050                     | (49,650)           | 46,400                  | 46,400        |   |
| Workmen's Compensation  | 105,254                    | (38,097)           | 67,157                  | 67,157        |   |
| Health Benefits   |                            | 3,874,781          | 3,874,781               | 3,742,376     | \$ 132,405                              |
| Tuition Reimbursement   | 121,550                    | (50,884)           | 70,666                  | 65,181        | 5,485                                   |
| Other Employee Benefits   | 9,280                      | (5,488)            | 3,792                   | 3,792         | -                                       |
| Total Unallocated Benefits  | 918,324                    | 3,754,645          | 4,672,969               | 4,535,079     | 137,890                                 |
| <b>On-Behalf (Non-Budget)</b>   |                            |                    |                         |               |   |
| TPAF Pension System Contribution (On-Behalf - Non-Budgeted)                   |                            |                    |                         | 510,275       | (510,275)                               |
| TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)                    |                            |                    |                         | 36,712        | (36,712)                                |
| TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)                 |                            |                    |                         | 868,342       | (868,342)                               |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted)                  | -                          | -                  | -                       | 789,656       | (789,656)                               |
| Total On-Behalf   | -                          | -                  | -                       | 2,204,985     | (2,204,985)                             |
| Total Undistributed Expenditures  | 14,590,045                 | (322,140)          | 14,267,905              | 16,042,647    | (1,774,742)                             |
| Total Current Expenditures  | 25,455,936                 | (105,252)          | 25,350,684              | 27,226,034    | (1,875,350)                             |

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**EXHIBIT C-1**

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|--------------------|-------------------------|---------------|---|
| <b>EXPENDITURES</b>  |                            |                    |                         |               |   |
| <b>CAPITAL OUTLAY</b>  |                            |                    |                         |               |   |
| Equipment  |                            |                    |                         |               |   |
| Non-Instructional Equipment  | -                          | \$ 215,633         | \$ 215,633              | \$ 143,874    | \$ 71,759                               |
| Total Equipment  | -                          | 215,633            | 215,633                 | 143,874       | 71,759                                  |
| <b>Facilities Acquisition and Construction Services</b>  |                            |                    |                         |               |   |
| Construction Services  | \$ 50,000                  |                    | 50,000                  | 50,000        |   |
| Assessment for Debt Service on SDA Funding   | 5,733                      | -                  | 5,733                   | 5,733         | -                                       |
| Total Facilities Acquisition and Construction Services   | 55,733                     | -                  | 55,733                  | 55,733        | -                                       |
| Total Capital Outlay   | 55,733                     | 215,633            | 271,366                 | 199,607       | 71,759                                  |
| Transfer of Funds to Charter School  | 49,000                     | (822)              | 48,178                  | 48,178        | -                                       |
| Total General Fund   | 25,560,669                 | 109,559            | 25,670,228              | 27,473,819    | (1,803,591)                             |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures   | -                          | (109,559)          | (109,559)               | (66,790)      | 42,769                                  |
| <b>Other Financing Sources</b>   |                            |                    |                         |               |   |
| Capital Lease Proceeds (non-budget)  | -                          | -                  | -                       | 174,388       | 174,388                                 |
| Total Other Financing Sources  | -                          | -                  | -                       | 174,388       | 174,388                                 |
| Excess (Deficiency) of Revenues and<br>Other Financing Sources Over/(Under)<br>Expenditures and Other Financing Sources (Uses) | -                          | (109,559)          | (109,559)               | 107,598       | 217,157                                 |
| Fund Balance, Beginning of Year  | 973,317                    | -                  | 973,317                 | 973,317       | -                                       |
| Fund Balance, End of Year  | \$ 973,317                 | \$ (109,559)       | 863,758                 | 1,080,915     | \$ 217,157                              |
| <b>Reconciliation of Governmental Funds Statements (GAAP)</b>  |                            |                    |                         |               |   |
| Restricted   |                            |                    |                         |               |   |
| Capital Reserve  |                            |                    |                         | \$ 195,572    |   |
| Excess Surplus, Designated for Subsequent Year's Expenditures  |                            |                    |                         | 177,699       |   |
| Assigned   |                            |                    |                         |               |   |
| Year End Encumbrances  |                            |                    |                         | 157,260       |   |
| Unassigned   |                            |                    |                         | 550,384       |   |
| Fund Balance- Budgetary Basis  |                            |                    |                         | 1,080,915     |   |
| Less: State Aid Revenue not recognized on GAAP basis   |                            |                    |                         | (312,223)     |   |
| Fund Balance per Governmental Funds Statements (GAAP)  |                            |                    |                         | \$ 768,692    |   |

**TOWN OF BOONTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|--------------------|-------------------------|----------------|-------------------------------------|
| <b>REVENUES</b>  |                            |                    |                         |                |                                     |
| Intergovernmental  |                            |                    |                         |                |                                     |
| State  | \$ 59,985                  | \$ 23,166          | \$ 83,151               | \$ 54,680      | \$ (28,471)                         |
| Federal  | 443,635                    | 217,208            | 660,843                 | 570,148        | (90,695)                            |
| Total Revenues   | <u>503,620</u>             | <u>240,374</u>     | <u>743,994</u>          | <u>624,828</u> | <u>(119,166)</u>                    |
| <b>EXPENDITURES</b>  |                            |                    |                         |                |                                     |
| Instruction  |                            |                    |                         |                |                                     |
| Salaries of Teachers   | 218,535                    | (115,730)          | 102,805                 | 100,997        | 1,808                               |
| Other Salaries for Instruction                               |                            | 6,000              | 6,000                   | 6,000          |                                     |
| Purchased Professional/Technical Services                    | 51,985                     | 11,285             | 63,270                  | 43,298         | 19,972                              |
| Tuition  | 225,100                    | 6,693              | 231,793                 | 180,451        | 51,342                              |
| General Supplies   | 2,000                      | 115,034            | 117,034                 | 99,942         | 17,092                              |
| Textbooks  | 6,000                      | 8,378              | 14,378                  | 7,518          | 6,860                               |
| Total Instruction  | <u>503,620</u>             | <u>31,660</u>      | <u>535,280</u>          | <u>438,206</u> | <u>97,074</u>                       |
| Support Services   |                            |                    |                         |                |                                     |
| Salary of Other Professional Staff                           |                            | 35,650             | 35,650                  | 30,825         | 4,825                               |
| Personal Services- Employee Benefits                         |                            | 32,590             | 32,590                  | 32,590         |                                     |
| Purchased Professional - Educational Services                |                            | 126,542            | 126,542                 | 117,298        | 9,244                               |
| Other Purchased Services                                     |                            | 9,338              | 9,338                   | 2,745          | 6,593                               |
| Supplies and Materials                                       | -                          | 4,594              | 4,594                   | 3,164          | 1,430                               |
| Total Support Services                                       | <u>-</u>                   | <u>208,714</u>     | <u>208,714</u>          | <u>186,622</u> | <u>22,092</u>                       |
| Total Expenditures   | <u>503,620</u>             | <u>240,374</u>     | <u>743,994</u>          | <u>624,828</u> | <u>119,166</u>                      |
| Excess (Deficiency) of Revenues<br>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**

**TOWN OF BOONTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

|  | <b>General<br/>Fund</b> | <b>Special<br/>Revenue<br/>Fund</b> |
|--|-------------------------|-------------------------------------|
| <b>Sources/inflows of resources</b>  |                         |                                     |
| Actual amounts (budgetary basis) "revenues"<br>from the budgetary comparison schedule  | \$ 27,407,029           | \$ 624,828                          |
| Difference - Budget to GAAP:   |                         |                                     |
| Grant accounting budgetary basis differs from GAAP in that<br>the Budgetary Basis Recognizes Encumbrances as Expenditures<br>and Revenue, whereas the GAAP Basis does not.   |                         |                                     |
| Encumbrances, June 30, 2014 (net of cancellations)   |                         | 22,075                              |
| Prior Year State Aid Payments Recognized for GAAP Statements, not<br>Recognized for Budgetary Purposes   | 176,490                 |                                     |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not<br>Recognized for GAAP Statements   | <u>(312,223)</u>        | <u>-</u>                            |
| Total Revenues as Reported on the Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds   | <u>\$ 27,271,296</u>    | <u>\$ 646,903</u>                   |
| <b>Uses/outflows of resources</b>  |                         |                                     |
| Actual amounts (budgetary basis) "total outflows" from the<br>budgetary comparison schedule  | \$ 27,473,819           | \$ 624,828                          |
| Differences - Budget to GAAP   |                         |                                     |
| Encumbrances for supplies and equipment ordered but not received<br>are reported in the year the order is placed for budgetary purposes,<br>but in the year the supplies are received for financial reporting<br>purposes. |                         |                                     |
| Encumbrances, June 30, 2014 (net of cancellations)   | -                       | 22,075                              |
| Total expenditures as reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances - Governmental Funds  | <u>\$ 27,473,819</u>    | <u>\$ 646,903</u>                   |

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**TOWN OF BOONTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Two Fiscal Years\***

|   | <u>2015</u>  | <u>2014</u>  |
|---|--------------|--------------|
| District's Proportion of the Net Position Liability (Asset)   | 0.01025%     | .00961%      |
| District's Proportionate Share of the Net Pension Liability (Asset)   | \$ 1,920,545 | \$ 1,837,591 |
| District's Covered-Employee Payroll   | \$ 2,272,309 | \$ 2,093,434 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 84.5%        | 87.7%        |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | 52.08%       | 48.72%       |

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

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

|   | <u>2015</u>    | <u>2014</u>    |
|---|----------------|----------------|
| Contractually Required Contribution                                     | \$ 271,476     | \$ 234,285     |
| Contributions in Relation to the<br>Contractually Required Contribution | <u>271,476</u> | <u>234,285</u> |
| Contribution Deficiency (Excess)  | <u>\$ -</u>    | <u>\$ -</u>    |
| District's Covered-Employee Payroll                                     | \$ 2,272,309   | \$ 2,093,434   |
| Contributions as a Percentage of<br>Covered-Employee Payroll            | 11.9%          | 11.1%          |

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.

**TOWN OF BOONTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Two Fiscal Years\***

|   | <b>2015</b>          | <b>2014</b>          |
|---|----------------------|----------------------|
| District's Proportion of the Net Position Liability (Asset)   | 0%                   | 0%                   |
| District's Proportionate Share of the Net Pension Liability (Asset)   | \$-0-                | \$-0-                |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District                       | <u>57,675,711</u>    | <u>55,602,809</u>    |
| Total   | <u>\$ 57,675,711</u> | <u>\$ 55,602,809</u> |
| District's Covered-Employee Payroll   | \$ 10,382,424        | \$ 10,159,432        |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 0%                   | 0%                   |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | 33.64%               | 33.76%               |

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Change of Benefit Terms:**                   None.

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

**SCHOOL LEVEL SCHEDULES**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**TOWN OF BOONTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| REVENUES                                     | No Child Left Behind |                  |                  | IDEA              |                  | Race to the Top | Nonpublic Auxiliary Services | Nonpublic Handicapped Services |                   |                          | Nonpublic Technology | Nonpublic Nursing | Nonpublic Textbooks | Total             |
|--|----------------------|------------------|------------------|-------------------|------------------|-----------------|------------------------------|--------------------------------|-------------------|--------------------------|----------------------|-------------------|---------------------|-------------------|
|  | Title I              | Title II-A       | Title III        | Part B, Basic     | Preschool        |                 | Compensatory Education       | Examination & Classification   | Corrective Speech | Supplemental Instruction |                      |                   |                     |                   |
| Intergovernmental                            |                      |                  |                  |                   |                  |                 |                              |                                |                   |                          |                      |                   |                     |                   |
| State  |                      |                  |                  |                   |                  |                 |                              |                                |                   |                          |                      |                   |                     |                   |
| Federal                                      | \$ 325,963           | \$ 32,973        | \$ 16,899        | \$ 180,451        | \$ 10,698        | \$ 3,164        | \$ 6,271                     | \$ 14,779                      | \$ 6,361          | \$ 6,592                 | \$ 3,864             | \$ 9,295          | \$ 7,518            | \$ 54,680         |
| Local Sources                                | -                    | -                | -                | -                 | -                | -               | -                            | -                              | -                 | -                        | -                    | -                 | -                   | -                 |
| <b>Total Revenues</b>                        | <b>\$ 325,963</b>    | <b>\$ 32,973</b> | <b>\$ 16,899</b> | <b>\$ 180,451</b> | <b>\$ 10,698</b> | <b>\$ 3,164</b> | <b>\$ 6,271</b>              | <b>\$ 14,779</b>               | <b>\$ 6,361</b>   | <b>\$ 6,592</b>          | <b>\$ 3,864</b>      | <b>\$ 9,295</b>   | <b>\$ 7,518</b>     | <b>\$ 624,828</b> |
| <b>EXPENDITURES</b>                          |                      |                  |                  |                   |                  |                 |                              |                                |                   |                          |                      |                   |                     |                   |
| Instruction                                  |                      |                  |                  |                   |                  |                 |                              |                                |                   |                          |                      |                   |                     |                   |
| Salaries of Teachers                         | \$ 93,605            |                  | \$ 7,392         |                   |                  |                 |                              |                                |                   |                          |                      |                   |                     | \$ 100,997        |
| Other Salaries for Instruction               | 6,000                |                  |                  |                   |                  |                 |                              |                                |                   |                          |                      |                   |                     | 6,000             |
| Purchased Professional & Technical Services  |                      |                  |                  |                   |                  |                 | \$ 6,271                     | \$ 14,779                      | \$ 6,361          | \$ 6,592                 |                      | \$ 9,295          |                     | 43,298            |
| Tuition                                      |                      |                  |                  | \$ 180,451        |                  |                 |                              |                                |                   |                          |                      |                   |                     | 180,451           |
| General Supplies                             | 91,137               |                  | 4,941            |                   |                  |                 |                              |                                |                   |                          | \$ 3,864             |                   |                     | 99,942            |
| Textbooks                                    | -                    | -                | -                | -                 | -                | -               | -                            | -                              | -                 | -                        | -                    | -                 | \$ 7,518            | 7,518             |
| <b>Total Instruction</b>                     | <b>190,742</b>       | <b>-</b>         | <b>12,333</b>    | <b>180,451</b>    | <b>-</b>         | <b>-</b>        | <b>6,271</b>                 | <b>14,779</b>                  | <b>6,361</b>      | <b>6,592</b>             | <b>3,864</b>         | <b>9,295</b>      | <b>7,518</b>        | <b>438,206</b>    |
| Support Services                             |                      |                  |                  |                   |                  |                 |                              |                                |                   |                          |                      |                   |                     |                   |
| Salary of Other Professional Staff           |                      | 30,825           |                  |                   |                  |                 |                              |                                |                   |                          |                      |                   |                     | 30,825            |
| Personal Services Employee-Benefits          | 28,132               | 2,066            | 2,392            |                   |                  |                 |                              |                                |                   |                          |                      |                   |                     | 32,590            |
| Purchased Professional/ Educational Services | 106,600              |                  |                  | \$ 10,698         |                  |                 |                              |                                |                   |                          |                      |                   |                     | 117,298           |
| Other Purchased Services                     | 489                  | 82               | 2,174            |                   |                  |                 |                              |                                |                   |                          |                      |                   |                     | 2,745             |
| Supplies and Materials                       | -                    | -                | -                | -                 | -                | \$ 3,164        | -                            | -                              | -                 | -                        | -                    | -                 | -                   | 3,164             |
| <b>Total Support Services</b>                | <b>135,221</b>       | <b>32,973</b>    | <b>4,566</b>     | <b>-</b>          | <b>10,698</b>    | <b>3,164</b>    | <b>-</b>                     | <b>-</b>                       | <b>-</b>          | <b>-</b>                 | <b>-</b>             | <b>-</b>          | <b>-</b>            | <b>186,622</b>    |
| <b>Total Expenditures</b>                    | <b>\$ 325,963</b>    | <b>\$ 32,973</b> | <b>\$ 16,899</b> | <b>\$ 180,451</b> | <b>\$ 10,698</b> | <b>\$ 3,164</b> | <b>\$ 6,271</b>              | <b>\$ 14,779</b>               | <b>\$ 6,361</b>   | <b>\$ 6,592</b>          | <b>\$ 3,864</b>      | <b>\$ 9,295</b>   | <b>\$ 7,518</b>     | <b>\$ 624,828</b> |

**TOWN OF BOONTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**TOWN OF BOONTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <u>Issue/Project Title</u>               | <u>Appropriation</u> | <u>Expenditures to Date</u> |                     | <u>Unexpended<br/>Balance,<br/>June 30, 2015</u> |
|--|----------------------|-----------------------------|---------------------|--|
|  |                      | <u>Prior Years</u>          | <u>Current Year</u> |  |
| Various Improvements                     | \$ 23,581,325        | \$ 23,455,611               | \$ 60,174           | \$ 65,540  |
| Recapitulation:                          |                      |                             |                     |  |
| Unexpended Balance, June 30, 2015        |                      |                             |                     | \$ 65,540  |
| Less:                                    |                      |                             |                     |  |
| Debt Authorized but not Issued           |                      |                             |                     | <u>(325)</u>                                     |
| Fund Balance, June 30, 2015 (GAAP Basis) |                      |                             |                     | <u>\$ 65,215</u>                                 |

**TOWN OF BOONTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|   |                         |
|---|-------------------------|
| <b>Expenditures and Other Financing Uses</b>                |                         |
| Purchased Professional and Technical Services               | \$ 1,123                |
| Construction Services                                       | <u>59,051</u>           |
| Total Expenditures and Other Financing Uses                 | <u>60,174</u>           |
|   |                         |
| Excess (Deficiency) of Revenues and Other Financing Sources |                         |
| Over (Under) Expenditures and Other Financing Uses          | (60,174)                |
|   |                         |
| Fund Balance- Beginning of Year                             | <u>125,389</u>          |
|   |                         |
| Fund Balance- End of Year                                   | <u><u>\$ 65,215</u></u> |

**Recapitulation of Fund Balance**

|                           |                         |
|---------------------------|-------------------------|
| Assigned                  |                         |
| Reserved for Encumbrances | \$ 18,679               |
| Unrestricted              | <u>46,536</u>           |
|                           |                         |
|                           | <u><u>\$ 65,215</u></u> |

**TOWN OF BOONTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|   | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u>     | <u>Revised<br/>Authorized<br/>Cost</u> |
|---|----------------------|---------------------|-------------------|--|
| <b>Revenues and Other Financing Sources</b>   |                      |                     |                   |  |
| Bond Proceeds and Transfers   | \$ 23,581,000        | -                   | \$ 23,581,000     | \$ 23,581,000                          |
| Total Revenues and Other Financing Sources  | <u>23,581,000</u>    | <u>-</u>            | <u>23,581,000</u> | <u>23,581,000</u>                      |
| <b>Expenditures and Other Financing Uses</b>  |                      |                     |                   |  |
| Legal Services  | 28,206               |                     | 28,206            | 28,206                                 |
| Purchased Professional and Technical Services   | 3,170,846            | \$ 1,123            | 3,171,969         | 3,171,969                              |
| Other Purchased Services  | 1,294,768            |                     | 1,294,768         | 1,294,768                              |
| Construction Services   | 18,961,791           | 59,051              | 19,020,842        | 19,086,057                             |
| Total Expenditures and Other Financing Uses   | <u>23,455,611</u>    | <u>60,174</u>       | <u>23,515,785</u> | <u>23,581,000</u>                      |
| Excess (Deficiency) of Revenues and Other Financing Sources<br>over (under) Expenditures and Other Financing Uses | <u>\$ 125,389</u>    | <u>\$ (60,174)</u>  | <u>\$ 65,215</u>  | <u>\$ -</u>                            |
| <b>Additional Project Information:</b>  |                      |                     |                   |  |
| Project Numbers:  |                      |                     |                   |  |
| High School   |                      |                     | #0450-020-07-1000 |  |
| John Hill Elementary  |                      |                     | #0450-030-07-1000 |  |
| Grant Date  |                      |                     | 3/29/2007         |  |
| Bond Authorization Date   |                      |                     | 2007              |  |
| Bonds Authorized  | \$ 23,581,325        |                     |                   |  |
| Bonds Issued  | 23,581,000           |                     |                   |  |
| Original Authorization Cost   | 23,581,325           |                     |                   |  |
| Additional Authorization Cost   | -                    |                     |                   |  |
| Revised Authorized Cost   | <u>23,581,325</u>    |                     |                   |  |
| Percentage Increase Over Original<br>Authorized Cost  |                      |                     | 0%                |  |
| Percentage Completion   |                      |                     | 100%              |  |
| Original Target Completion Date   |                      |                     | 9/1/2009          |  |
| Revised Target Completion Date  |                      |                     | 9/1/2013          |  |

**PROPRIETARY FUNDS**

**TOWN OF BOONTON SCHOOL DISTRICT  
ENTERPRISE FUNDS - NONMAJOR  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015**

|   | <u>Food<br/>Service</u> | <u>Bridges to<br/>Learning<br/>Program</u> | <u>Total</u>      |
|---|-------------------------|--|-------------------|
| <b>ASSETS</b>                                       |                         |  |                   |
| Current Assets                                      |                         |  |                   |
| Cash  | \$ 104,888              | \$ 31,334                                  | \$ 136,222        |
| Receivables   |                         |  |                   |
| Intergovernmental                                   | 14,858                  |  | 14,858            |
| Due from Other Funds                                |                         | 171,402                                    | 171,402           |
| Inventories   | 5,395                   | -  | 5,395             |
| Total Current Assets                                | <u>125,141</u>          | <u>202,736</u>                             | <u>327,877</u>    |
| Capital Assets                                      |                         |  |                   |
| Furniture, Machinery and Equipment                  | 229,230                 |  | 229,230           |
| Less Accumulated Depreciation                       | <u>(186,626)</u>        | <u>-</u>                                   | <u>(186,626)</u>  |
| Total Capital Assets, Net                           | <u>42,604</u>           | <u>-</u>                                   | <u>42,604</u>     |
| Total Assets  | <u>167,745</u>          | <u>202,736</u>                             | <u>370,481</u>    |
| <b>LIABILITIES</b>                                  |                         |  |                   |
| Current Liabilities                                 |                         |  |                   |
| Accounts Payable                                    | 3,138                   |  | 3,138             |
| Due to Other Funds                                  | <u>68,415</u>           | <u>-</u>                                   | <u>68,415</u>     |
| Total Current Liabilities                           | <u>71,553</u>           | <u>-</u>                                   | <u>71,553</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                         |  |                   |
| Deferred Commodities Revenue                        | <u>1,471</u>            | <u>-</u>                                   | <u>1,471</u>      |
| Total Deferred Inflows of Resources                 | <u>1,471</u>            | <u>-</u>                                   | <u>1,471</u>      |
| Total Liabilities and Deferred Inflows of Resources | <u>73,024</u>           | <u>-</u>                                   | <u>73,024</u>     |
| <b>NET POSITION</b>                                 |                         |  |                   |
| Investment in Capital Assets                        | 42,604                  |  | 42,604            |
| Unrestricted  | <u>52,117</u>           | <u>202,736</u>                             | <u>254,853</u>    |
| Total Net Position                                  | <u>\$ 94,721</u>        | <u>\$ 202,736</u>                          | <u>\$ 297,457</u> |

**TOWN OF BOONTON SCHOOL DISTRICT  
ENTERPRISE FUNDS - NONMAJOR  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|                                       | <u>Food<br/>Service</u> | <u>Bridges to<br/>Learning<br/>Program</u> | <u>Total</u>            |
|---------------------------------------|-------------------------|--|-------------------------|
| <b>OPERATING REVENUES</b>             |                         |  |                         |
| Local Sources                         |                         |  |                         |
| Daily Sales Non-Reimbursable Programs | \$ 270,491              |  | \$ 270,491              |
| Program Fees                          |                         | \$ 321,343                                 | 321,343                 |
| Miscellaneous                         | 4,620                   | -  | 4,620                   |
|                                       | <hr/>                   | <hr/>                                      | <hr/>                   |
| Total Operating Revenues              | 275,111                 | 321,343                                    | 596,454                 |
| <b>OPERATING EXPENSES</b>             |                         |  |                         |
| Salaries and Wages                    | 189,658                 | 184,900                                    | 374,558                 |
| Other Purchased Services              | 32,644                  |  | 32,644                  |
| Management Fee                        | 24,266                  |  | 24,266                  |
| Supplies and Materials                | 16,980                  |  | 16,980                  |
| Repairs and Maintenance               | 5,165                   |  | 5,165                   |
| Cost of Sales                         | 232,621                 |  | 232,621                 |
| Miscellaneous                         | 7,336                   | 3,529                                      | 10,865                  |
| Depreciation                          | 8,327                   | -  | 8,327                   |
|                                       | <hr/>                   | <hr/>                                      | <hr/>                   |
| Total Operating Expenses              | 516,997                 | 188,429                                    | 705,426                 |
| Operating Income (Loss)               | <hr/> (241,886)         | <hr/> 132,914                              | <hr/> (108,972)         |
| Nonoperating Revenues                 |                         |  |                         |
| State Sources                         |                         |  |                         |
| School Lunch Program                  | 5,409                   |  | 5,409                   |
| Federal Sources                       |                         |  |                         |
| School Breakfast Program              | 29,445                  |  | 29,445                  |
| U.S.D.A. Commodities                  | 19,645                  |  | 19,645                  |
| School Lunch Program                  | 186,314                 |  | 186,314                 |
| Interest Income                       | 181                     | 144  | 325                     |
|                                       | <hr/>                   | <hr/>                                      | <hr/>                   |
| Total Nonoperating Revenues           | 240,994                 | 144  | 241,138                 |
| Change in Net Position                | (892)                   | 133,058                                    | 132,166                 |
| Net Position, Beginning of Year       | <hr/> 95,613            | <hr/> 69,678                               | <hr/> 165,291           |
| Net Position, End of Year             | <hr/> <u>\$ 94,721</u>  | <hr/> <u>\$ 202,736</u>                    | <hr/> <u>\$ 297,457</u> |

**TOWN OF BOONTON SCHOOL DISTRICT  
ENTERPRISE FUNDS - NONMAJOR  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|  | <u>Food<br/>Service</u> | <u>Bridges to<br/>Learning<br/>Program</u> | <u>Total</u>        |
|--|-------------------------|--|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                         |  |                     |
| Cash Received from Customers   | \$ 275,111              | \$ 321,343                                 | \$ 596,454          |
| Cash Payments for Employees  |                         |  |                     |
| Salaries & Benefits  | (189,658)               | (184,900)                                  | (374,558)           |
| Cash Payments to Suppliers for Goods<br>and Services   | <u>(323,169)</u>        | <u>(3,529)</u>                             | <u>(326,698)</u>    |
| Net Cash Provided by (Used for) Operating Activities   | <u>(237,716)</u>        | <u>132,914</u>                             | <u>(104,802)</u>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                         |  |                     |
| Cash Received from (Payments to) Other Funds   | 108,468                 | (142,204)                                  | (33,736)            |
| Cash Received from Other Governments   | <u>222,668</u>          | <u>-</u>                                   | <u>222,668</u>      |
| Net Cash Provided by (Used for) Noncapital<br>Financing Activities   | <u>331,136</u>          | <u>(142,204)</u>                           | <u>188,932</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                         |  |                     |
| Interest Earnings  | <u>181</u>              | <u>144</u>                                 | <u>325</u>          |
| Net Cash Provided by Investing Activities  | <u>181</u>              | <u>144</u>                                 | <u>325</u>          |
| Net Increase (Decrease) in Cash and Cash Equivalents   | 93,601                  | (9,146)                                    | 84,455              |
| Cash and Cash Equivalents, Beginning of Year   | <u>11,287</u>           | <u>40,480</u>                              | <u>51,767</u>       |
| Cash and Cash Equivalents, End of Year   | <u>\$ 104,888</u>       | <u>\$ 31,334</u>                           | <u>\$ 136,222</u>   |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br/>CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b> |                         |  |                     |
| Operating Income (Loss)  | \$ (241,886)            | \$ 132,914                                 | \$ (108,972)        |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by (Used for) Operating Activities  |                         |  |                     |
| Depreciation   | 8,327                   |  | 8,327               |
| Non-Cash Federal Assistance - Food Distribution Program  | 19,645                  |  | 19,645              |
| Change in Assets, Deferred Inflows of Resources and Liabilities  |                         |  |                     |
| Increase/(Decrease) in Accounts Payable  | (27,372)                |  | (27,372)            |
| Increase/(Decrease) in Deferred Inflows of Resources   | 105                     |  | 105                 |
| Decrease/(Increase) in Inventory   | <u>3,465</u>            | <u>-</u>                                   | <u>3,465</u>        |
| Total Adjustments  | <u>4,170</u>            | <u>-</u>                                   | <u>4,170</u>        |
| Net Cash Provided by (Used for) Operating Activities   | <u>\$ (237,716)</u>     | <u>\$ 132,914</u>                          | <u>\$ (104,802)</u> |
| Non-Cash Investing, Capital and Financing Activities:  |                         |  |                     |
| Value Received - Food Distribution Program   | \$ 19,750               |  | \$ 19,750           |

**FIDUCIARY FUNDS**

**TOWN OF BOONTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY NET POSITION  
AS OF JUNE 30, 2015**

|   | <u>Student<br/>Activity</u> | <u>Payroll</u>        | <u>Total<br/>Agency Funds</u> |
|---|-----------------------------|-----------------------|-------------------------------|
| <b>ASSETS</b>                               |                             |                       |                               |
| Cash and Cash Equivalents                   | \$ 132,177                  | \$ 541,061            | \$ 673,238                    |
| Due from Other Funds                        | <u>-</u>                    | <u>10,864</u>         | <u>10,864</u>                 |
| <br>Total Assets                            | <br><u>\$ 132,177</u>       | <br><u>\$ 551,925</u> | <br><u>\$ 684,102</u>         |
| <br><b>LIABILITIES</b>                      |                             |                       |                               |
| Summer Savings                              |                             | \$ 443,410            | \$ 443,410                    |
| Payroll Deductions and Withholdings Payable |                             | 88,552                | 88,552                        |
| Flexible Spending                           |                             | 1,963                 | 1,963                         |
| Due to Student Groups                       | \$ 132,177                  |                       | 132,177                       |
| Due to Other Funds                          |                             |                       |                               |
| Unemployment Compensation Trust             | <u>-</u>                    | <u>18,000</u>         | <u>18,000</u>                 |
| <br>Total Liabilities                       | <br><u>\$ 132,177</u>       | <br><u>\$ 551,925</u> | <br><u>\$ 684,102</u>         |

**TOWN OF BOONTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**TOWN OF BOONTON SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|                                     | <b>Balance,<br/>July 1,<br/>2014</b> | <b>Cash<br/>Receipts</b> | <b>Cash<br/>Disbursed</b> | <b>Balance,<br/>June 30,<br/>2015</b> |
|-------------------------------------|--------------------------------------|--------------------------|---------------------------|---------------------------------------|
| Elementary Schools                  |                                      |                          |                           |                                       |
| School Street School                | \$ (206)                             | \$ 3,113                 | \$ 2,996                  | \$ (89)                               |
| John Hill School                    | 20,170                               | 16,912                   | 21,085                    | 15,997                                |
| Total Elementary Schools            | <u>19,964</u>                        | <u>20,025</u>            | <u>24,081</u>             | <u>15,908</u>                         |
| Middle School                       |                                      |                          |                           |                                       |
| Student Activities                  | 8,877                                | 41,079                   | 38,682                    | 11,274                                |
| High School                         |                                      |                          |                           |                                       |
| High School                         | 87,261                               | 126,554                  | 113,256                   | 100,559                               |
| Athletic Department                 |                                      |                          |                           |                                       |
| Athletic Department - Middle School | 40                                   | 5,803                    | 4,864                     | 979                                   |
| Athletic Department - High School   | (195)                                | 42,275                   | 38,623                    | 3,457                                 |
| Total Athletic Departments          | <u>(155)</u>                         | <u>48,078</u>            | <u>43,487</u>             | <u>4,436</u>                          |
| Total                               | <u>\$ 115,947</u>                    | <u>\$ 235,736</u>        | <u>\$ 219,506</u>         | <u>\$ 132,177</u>                     |

**TOWN OF BOONTON SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|                                     | <b>Balance,<br/>July 1,<br/><u>2014</u></b> | <b><u>Additions</u></b> | <b><u>Deletions</u></b>  | <b>Balance,<br/>June 30,<br/><u>2015</u></b> |
|-------------------------------------|---|-------------------------|--------------------------|--|
| Payroll Deductions and Withholdings | \$ 189,769                                  | \$ 7,125,290            | \$ 7,226,507             | \$ 88,552                                    |
| Accrued Salaries and Wages          |   | 9,815,012               | 9,815,012                |  |
| Summer Savings                      | 394,183                                     | 865,143                 | 815,916                  | 443,410                                      |
| Flexible Spending                   | 2,834                                       | 19,403                  | 20,274                   | 1,963  |
| Due to (from) Other Funds           | <u>28,482</u>                               | <u>1,007</u>            | <u>22,353</u>            | <u>7,136</u>                                 |
| <br>Total All Schools               | <br><u>\$ 615,268</u>                       | <br><u>\$17,825,855</u> | <br><u>\$ 17,900,062</u> | <br><u>\$ 541,061</u>                        |

**LONG-TERM DEBT**

**TOWN OF BOONTON SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <u>Issue</u>                               | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Annual Maturities</u> |               | <u>Interest Rate</u> | <u>Balance, July 1, 2014</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Balance, June 30, 2015</u> |
|--|----------------------|-----------------------|--------------------------|---------------|----------------------|------------------------------|---------------|-----------------|-------------------------------|
|  |                      |                       | <u>Date</u>              | <u>Amount</u> |                      |                              |               |                 |                               |
| Various Improvements to District Buildings | 07/20/07             | \$ 23,581,000         | 01/15/16                 | \$ 700,000    | 4.500%               | \$ 20,620,000                |               | \$ 19,190,000   | \$ 1,430,000                  |
|  |                      |                       | 01/15/17                 | 730,000       | 4.500%               |                              |               |                 |                               |
| 2014 Refunding Bonds                       | 9/25/14              | 9,305,000             | 1/15/2016                | 25,000        | 2.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2017                | 25,000        | 2.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2018                | 785,000       | 3.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2019                | 810,000       | 4.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2020                | 840,000       | 4.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2021                | 875,000       | 3.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2022                | 895,000       | 3.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2023                | 920,000       | 3.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2024                | 945,000       | 5.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2025                | 995,000       | 5.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2026                | 1,040,000     | 4.00%                |                              |               |                 |                               |
|  |                      |                       | 1/15/2027                | 1,080,000     | 4.00%                |                              |               |                 |                               |

**TOWN OF BOONTON SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <u>Issue</u>         | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Annual Maturities</u> |               | <u>Interest Rate</u> | <u>Balance, July 1, 2014</u> | <u>Issued</u>        | <u>Redeemed</u>      | <u>Balance, June 30, 2015</u> |
|----------------------|----------------------|-----------------------|--------------------------|---------------|----------------------|------------------------------|----------------------|----------------------|-------------------------------|
|                      |                      |                       | <u>Date</u>              | <u>Amount</u> |                      |                              |                      |                      |                               |
| 2015 Refunding Bonds | 4/14/15              | \$ 9,475,000          | 1/15/2016                | \$ 145,000    | 1.50%                |                              |                      |                      |                               |
|                      |                      |                       | 1/15/2028                | 1,210,000     | 3.00%                |                              |                      |                      |                               |
|                      |                      |                       | 1/15/2029                | 1,245,000     | 3.00%                |                              |                      |                      |                               |
|                      |                      |                       | 1/15/2030                | 1,275,000     | 4.00%                |                              |                      |                      |                               |
|                      |                      |                       | 1/15/2031                | 1,325,000     | 4.00%                |                              |                      |                      |                               |
|                      |                      |                       | 1/15/2032                | 1,375,000     | 4.00%                |                              |                      |                      |                               |
|                      |                      |                       | 1/15/2033                | 1,420,000     | 4.00%                |                              |                      |                      |                               |
|                      |                      |                       | 1/15/2034                | 1,480,000     | 4.00%                |                              |                      |                      |                               |
|                      |                      |                       |                          |               |                      | -                            | \$ 9,475,000         | -                    | \$ 9,475,000                  |
|                      |                      |                       |                          |               |                      | <u>\$ 20,620,000</u>         | <u>\$ 18,780,000</u> | <u>\$ 19,260,000</u> | <u>\$ 20,140,000</u>          |
|                      |                      |                       |                          |               |                      |                              |                      | \$ 740,000           |                               |
|                      |                      |                       |                          |               |                      |                              |                      | <u>18,520,000</u>    |                               |
|                      |                      |                       |                          |               |                      |                              |                      | <u>\$ 19,260,000</u> |                               |

TOWN OF BOONTON SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

|              | <u>Original Amount<br/>Issued</u> | <u>Date</u> | <u>Balance,<br/>July 1, 2014</u> | <u>Issued</u>     | <u>Paid</u>       | <u>Balance,<br/>June 30, 2015</u> |
|--------------|-----------------------------------|-------------|----------------------------------|-------------------|-------------------|-----------------------------------|
| Copiers      | \$ 486,753                        | 7/2013      | \$ 405,222                       |                   | \$ 92,714         | \$ 312,508                        |
| Smart Boards | 515,640                           | 7/2013      | 421,408                          |                   | 98,943            | 322,465                           |
| Computers    | 53,977                            | 7/2013      | 35,462                           |                   | 17,475            | 17,987                            |
| Computers    | 174,388                           | 9/2014      | <u>-</u>                         | <u>\$ 174,388</u> | <u>-</u>          | <u>174,388</u>                    |
|              |                                   |             | <u>\$ 862,092</u>                | <u>\$ 174,388</u> | <u>\$ 209,132</u> | <u>\$ 827,348</u>                 |

**TOWN OF BOONTON SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-------------------------------|-------------------------|------------------|-------------------------------------|
| <b>REVENUES</b>   |                            |                               |                         |                  |                                     |
| Local Sources   |                            |                               |                         |                  |                                     |
| Local Tax Levy  | \$ 1,198,844               |                               | \$ 1,198,844            | \$ 1,198,844     |                                     |
| State Sources   |                            |                               |                         |                  |                                     |
| Debt Service State Aid                                    | <u>412,006</u>             | <u>-</u>                      | <u>412,006</u>          | <u>412,006</u>   | <u>-</u>                            |
| Total Revenues  | <u>1,610,850</u>           | <u>-</u>                      | <u>1,610,850</u>        | <u>1,610,850</u> | <u>-</u>                            |
| <b>EXPENDITURES</b>                                       |                            |                               |                         |                  |                                     |
| Regular Debt Service                                      |                            |                               |                         |                  |                                     |
| Redemption of Principal                                   | 670,000                    | \$ 70,000                     | 740,000                 | 740,000          |                                     |
| Interest and Other Charges                                | <u>940,850</u>             | <u>(70,000)</u>               | <u>870,850</u>          | <u>839,770</u>   | <u>\$ 31,080</u>                    |
| Total Expenditures  | <u>1,610,850</u>           | <u>-</u>                      | <u>1,610,850</u>        | <u>1,579,770</u> | <u>31,080</u>                       |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u>                   | <u>-</u>                      | <u>-</u>                | <u>31,080</u>    | <u>(31,080)</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>\$ 31,080</u> | <u>\$ (31,080)</u>                  |

## STATISTICAL SECTION

This part of the Town of Boonton School District'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.

**TOWN OF BOONTON SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

|  | Fiscal Year Ended June 30, |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|--|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2006                       | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                |
| <b>Governmental Activities</b>                     |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                   | \$ 2,186,702               | \$ 2,995,066        | \$ (13,775,082)     | \$ (12,818,191)     | \$ (12,043,491)     | \$ 4,027,021        | \$ 4,481,950        | \$ 4,712,737        | \$ 4,821,733        | \$ 3,251,092        |
| Restricted   | 66,607                     | 695,132             | 17,419,462          | 16,663,278          | 16,167,036          | 118,628             | 141,313             | 89,834              | 195,425             | 195,572             |
| Unrestricted                                       | (428,046)                  | 22,535              | (131,089)           | (524,984)           | (342,396)           | 90,764              | (419,296)           | (534,686)           | (88,341)            | (408,000)           |
| <b>Total Governmental Activities Net Position</b>  | <u>\$ 1,825,263</u>        | <u>\$ 3,712,733</u> | <u>\$ 3,513,291</u> | <u>\$ 3,320,103</u> | <u>\$ 3,781,149</u> | <u>\$ 4,236,413</u> | <u>\$ 4,203,967</u> | <u>\$ 4,267,885</u> | <u>\$ 4,928,817</u> | <u>\$ 3,038,664</u> |
| <b>Business-Type Activities</b>                    |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                   | \$ 7,465                   | \$ 9,415            | \$ 8,432            | \$ 7,449            | \$ 18,376           | \$ 16,982           | \$ 21,446           | \$ 4,821,733        | \$ 50,931           | \$ 42,604           |
| Unrestricted                                       | 122,295                    | 31,114              | 31,012              | 32,965              | 39,576              | 30,586              | 20,561              | (88,341)            | 114,360             | 254,853             |
| <b>Total Business-Type Activities Net Position</b> | <u>\$ 129,760</u>          | <u>\$ 40,529</u>    | <u>\$ 39,444</u>    | <u>\$ 40,414</u>    | <u>\$ 57,952</u>    | <u>\$ 47,568</u>    | <u>\$ 42,007</u>    | <u>\$ 4,733,392</u> | <u>\$ 165,291</u>   | <u>\$ 297,457</u>   |
| <b>District-Wide</b>                               |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                   | \$ 2,194,167               | \$ 3,004,481        | \$ (13,766,650)     | \$ (12,810,742)     | \$ (12,025,115)     | \$ 4,044,003        | \$ 4,503,396        | \$ 9,534,470        | \$ 4,872,664        | \$ 3,293,696        |
| Restricted   | 66,607                     | 695,132             | 17,419,462          | 16,663,278          | 16,167,036          | 118,628             | 141,313             | 89,834              | 195,425             | 195,572             |
| Unrestricted                                       | (305,751)                  | 53,649              | (100,077)           | (492,019)           | (302,820)           | 121,350             | (398,735)           | (623,027)           | 26,019              | (153,147)           |
| <b>Total District Net Position</b>                 | <u>\$ 1,955,023</u>        | <u>\$ 3,753,262</u> | <u>\$ 3,552,735</u> | <u>\$ 3,360,517</u> | <u>\$ 3,839,101</u> | <u>\$ 4,283,981</u> | <u>\$ 4,245,974</u> | <u>\$ 9,001,277</u> | <u>\$ 5,094,108</u> | <u>\$ 3,336,121</u> |

Source: District Financial Statements

**TOWN OF BOONTON SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

|   | Fiscal Year Ended June 30. |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|---|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | 2006                       | 2007                   | 2008                   | 2009                   | 2010                   | 2011                   | 2012                   | 2013                   | 2014                   | 2015                   |
| <b>Expenses</b>   |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities</b>                          |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Instruction</b>                                      |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Regular   | \$ 6,479,847               | \$ 8,407,469           | \$ 9,468,522           | \$ 8,907,683           | \$ 9,650,239           | \$ 9,426,655           | \$ 9,486,157           | \$ 10,990,800          | \$ 10,443,026          | \$ 12,932,692          |
| Special Education                                       | 2,135,592                  | 2,351,205              | 2,792,796              | 3,334,070              | 3,549,500              | 4,594,746              | 4,846,099              | 5,723,331              | 5,719,166              | 6,387,540              |
| Other Instruction                                       | 576,063                    | 366,300                | 437,598                | 427,124                | 500,647                | 610,474                | 819,048                | 505,841                | 415,714                | 198,476                |
| School Sponsored Co-Curricular Activities               | 582,507                    | 515,193                | 714,623                | 759,521                | 829,232                | 685,144                | 787,917                | 866,832                | 932,877                | 1,260,484              |
| <b>Support Services:</b>                                |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Tuition   | 1,073,112                  | 1,131,804              | 1,523,142              | 1,421,188              | 1,363,419              |                        |                        |                        |                        |                        |
| Student & Instruction Related Services                  | 2,045,894                  | 2,537,311              | 3,295,140              | 3,554,011              | 3,882,064              | 4,237,954              | 4,469,183              | 4,544,871              | 4,549,375              | 4,854,977              |
| General Administration Services                         | 544,471                    | 560,943                | 737,008                | 558,643                | 567,315                | 579,779                | 559,059                | 649,618                | 670,071                | 719,094                |
| School Administrative Services                          | 1,099,749                  | 1,172,762              | 1,064,782              | 994,601                | 1,090,635              | 1,262,258              | 1,086,705              | 1,131,944              | 996,230                | 1,139,252              |
| Central Services  | 472,423                    | 456,346                | 460,410                | 467,255                | 349,424                | 428,354                | 479,799                | 503,342                | 503,207                | 565,098                |
| Plant Operations and Maintenance                        | 1,821,520                  | 2,031,783              | 2,258,921              | 2,176,050              | 2,236,055              | 2,038,944              | 1,943,356              | 2,230,095              | 2,608,116              | 2,478,944              |
| Pupil Transportation                                    | 407,557                    | 450,743                | 490,617                | 471,548                | 395,462                | 352,462                | 323,435                | 437,726                | 459,694                | 636,330                |
| Unallocated Benefits                                    | 1,699,041                  |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Special Schools   | 37,514                     | 35,000                 | 38,000                 |                        |                        |                        |                        |                        |                        |                        |
| Charter Schools   | 33,553                     | 36,504                 | 41,006                 | 40,366                 | 33,442                 |                        |                        |                        |                        |                        |
| Interest On Long-Term Debt                              |                            |                        | 1,014,423              | 1,074,095              | 1,062,834              | 1,040,028              | 1,011,931              | 984,866                | 974,470                | 992,232                |
| Unallocated Depreciation                                | 8,519                      | 158,046                | 139,456                | 129,625                | 119,138                | 119,138                | 119,138                |                        |                        |                        |
| Unallocated Expenditures                                |                            |                        |                        | 6,950                  | 508                    |                        |                        |                        |                        |                        |
| Capital Outlay - Nondepreciable                         | 151,560                    |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Total Governmental Activities Expenses</b>           | <b>19,168,922</b>          | <b>20,211,409</b>      | <b>24,476,444</b>      | <b>24,322,730</b>      | <b>25,629,914</b>      | <b>25,375,936</b>      | <b>25,931,827</b>      | <b>28,569,266</b>      | <b>28,271,946</b>      | <b>32,165,119</b>      |
| <b>Business-Type Activities:</b>                        |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Food Service  | 432,623                    | 446,768                | 442,119                | 423,863                | 420,046                | 455,104                | 482,533                | 488,813                | 534,170                | 516,997                |
| Bridges to Learning                                     |                            |                        |                        |                        |                        |                        | 223,765                | 216,314                | 289,659                | 188,429                |
| Academy School  | 53,599                     |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Total Business-Type Activities Expense</b>           | <b>486,222</b>             | <b>446,768</b>         | <b>442,119</b>         | <b>423,863</b>         | <b>420,046</b>         | <b>455,104</b>         | <b>706,298</b>         | <b>705,127</b>         | <b>823,829</b>         | <b>705,426</b>         |
| <b>Total District Expenses</b>                          | <b>\$ 19,655,144</b>       | <b>\$ 20,658,177</b>   | <b>\$ 24,918,563</b>   | <b>\$ 24,746,593</b>   | <b>\$ 26,049,960</b>   | <b>\$ 25,831,040</b>   | <b>\$ 26,638,125</b>   | <b>\$ 29,274,393</b>   | <b>\$ 29,095,775</b>   | <b>\$ 32,870,545</b>   |
| <b>Program Revenues</b>                                 |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities:</b>                         |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Charges For Services:</b>                            |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Tuition   |                            | \$ 3,716,535           | \$ 4,595,583           | \$ 4,608,138           | \$ 4,765,154           | \$ 4,694,605           | \$ 4,632,374           | \$ 6,544,697           | \$ 6,686,058           | \$ 6,454,946           |
| Operating Grants And Contributions                      | \$ 738,311                 | 3,804,301              | 3,994,060              | 2,574,195              | 2,917,992              | 2,980,199              | 3,492,361              | 3,868,854              | 3,411,555              | 6,418,449              |
| <b>Total Governmental Activities Program Revenues</b>   | <b>738,311</b>             | <b>7,520,836</b>       | <b>8,589,643</b>       | <b>7,182,333</b>       | <b>7,683,146</b>       | <b>7,674,804</b>       | <b>8,124,735</b>       | <b>10,413,551</b>      | <b>10,097,613</b>      | <b>12,873,395</b>      |
| <b>Business-Type Activities:</b>                        |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Charges For Services</b>                             |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Food Service  | 341,621                    | 316,915                | 295,101                | 269,706                | 256,408                | 258,034                | 249,198                | 263,130                | 271,287                | 275,111                |
| Bridges to Learning                                     |                            |                        |                        |                        |                        |                        | 252,677                | 246,100                | 300,170                | 321,343                |
| Academy School  | 53,582                     |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Operating Grants And Contributions                      | 102,448                    | 130,190                | 143,481                | 154,265                | 180,373                | 186,456                | 198,668                | 244,455                | 280,500                | 240,813                |
| <b>Total Business-Type Activities Program Revenues</b>  | <b>497,651</b>             | <b>447,105</b>         | <b>438,582</b>         | <b>423,971</b>         | <b>436,781</b>         | <b>444,490</b>         | <b>700,543</b>         | <b>753,685</b>         | <b>851,957</b>         | <b>837,267</b>         |
| <b>Total District Program Revenues</b>                  | <b>\$ 1,235,962</b>        | <b>\$ 7,967,941</b>    | <b>\$ 9,028,225</b>    | <b>\$ 7,606,304</b>    | <b>\$ 8,119,927</b>    | <b>\$ 8,119,294</b>    | <b>\$ 8,825,278</b>    | <b>\$ 11,167,236</b>   | <b>\$ 10,949,570</b>   | <b>\$ 13,710,662</b>   |
| <b>Net (Expense)/Revenue</b>                            |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities                                 | \$ (18,430,611)            | \$ (12,690,573)        | \$ (15,886,801)        | \$ (17,140,397)        | \$ (17,946,768)        | \$ (17,701,132)        | \$ (17,807,092)        | \$ (18,155,715)        | \$ (18,174,333)        | \$ (19,291,724)        |
| Business-Type Activities                                | 11,429                     | 537                    | (3,537)                | 108                    | 16,735                 | (10,614)               | (5,755)                | 48,558                 | 28,128                 | 131,841                |
| <b>Total District-Wide Net Expense</b>                  | <b>\$ (18,419,182)</b>     | <b>\$ (12,690,036)</b> | <b>\$ (15,890,338)</b> | <b>\$ (17,140,289)</b> | <b>\$ (17,930,033)</b> | <b>\$ (17,711,746)</b> | <b>\$ (17,812,847)</b> | <b>\$ (18,107,157)</b> | <b>\$ (18,146,205)</b> | <b>\$ (19,159,883)</b> |
| <b>General Revenues And Other Changes In Net Assets</b> |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities:</b>                         |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Property Taxes Levied For General Purposes              | \$ 11,726,391              | \$ 13,755,266          | \$ 14,051,450          | \$ 14,550,560          | \$ 15,132,756          | \$ 15,721,418          | \$ 15,721,594          | \$ 15,977,947          | \$ 16,705,430          | \$ 16,999,501          |
| Taxes Levied For Debt Service                           |                            |                        |                        | 593,783                | 1,132,600              | 1,207,149              | 1,201,263              | 1,194,540              | 1,201,840              | 1,198,844              |
| Federal and State Aid - Unrestricted                    | 2,937,858                  | 476,479                | 514,214                | 1,492,471              | 1,663,446              | 72,788                 | 323,288                | 417,889                | 513,548                | 504,439                |
| State Aid - Restricted for Debt Service Principal       |                            |                        |                        |                        |                        | 144,510                | 150,904                | 157,298                | 164,971                | 192,993                |
| Tuition   | 3,755,508                  |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Investment Earnings                                     | 24,481                     | 45,892                 | 864,915                | 280,826                | 46,464                 | 18,791                 | 2,640                  | 251                    | 3,191                  | 63                     |
| Miscellaneous Income                                    | 233,964                    | 191,955                | 256,780                | 40,769                 | 432,548                | 991,740                | 374,957                | 145,442                | 246,285                | 343,322                |
| State Aid - State Facilities Grant                      | 11,843                     |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Transfers   |                            | 108,451                |                        |                        |                        |                        |                        |                        |                        |                        |
| SDA Grant-Cancelled                                     |                            |                        |                        | (11,200)               |                        |                        |                        |                        |                        |                        |
| <b>Total Governmental Activities</b>                    | <b>18,690,045</b>          | <b>14,578,043</b>      | <b>15,687,359</b>      | <b>16,947,209</b>      | <b>18,407,814</b>      | <b>18,156,396</b>      | <b>17,774,646</b>      | <b>17,893,367</b>      | <b>18,835,265</b>      | <b>19,239,162</b>      |
| <b>Business-Type Activities:</b>                        |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Investment Earnings                                     | 3,612                      | 4,053                  | 2,452                  | 862                    | 803                    | 230                    | 194                    | 247                    | 212                    | 325                    |
| Transfers   |                            | (93,621)               |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Total Business-Type Activities</b>                   | <b>3,612</b>               | <b>(89,568)</b>        | <b>2,452</b>           | <b>862</b>             | <b>803</b>             | <b>230</b>             | <b>194</b>             | <b>247</b>             | <b>212</b>             | <b>325</b>             |
| <b>Total District-Wide</b>                              | <b>\$ 18,693,657</b>       | <b>\$ 14,488,475</b>   | <b>\$ 15,689,811</b>   | <b>\$ 16,948,071</b>   | <b>\$ 18,408,617</b>   | <b>\$ 18,156,626</b>   | <b>\$ 17,774,840</b>   | <b>\$ 17,893,614</b>   | <b>\$ 18,835,477</b>   | <b>\$ 19,239,487</b>   |
| <b>Change In Net Position</b>                           |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities                                 | \$ 259,434                 | \$ 1,887,470           | \$ (199,442)           | \$ (193,188)           | \$ 461,046             | \$ 455,264             | \$ (32,446)            | \$ (262,348)           | \$ 660,932             | \$ (52,562)            |
| Business-Type Activities                                | 15,041                     | (89,231)               | (1,085)                | 970                    | 17,538                 | (10,384)               | (5,561)                | 48,805                 | 28,340                 | 132,166                |
| <b>Total District</b>                                   | <b>\$ 274,475</b>          | <b>\$ 1,798,239</b>    | <b>\$ (200,527)</b>    | <b>\$ (192,218)</b>    | <b>\$ 478,584</b>      | <b>\$ 444,880</b>      | <b>\$ (38,007)</b>     | <b>\$ (213,543)</b>    | <b>\$ 689,272</b>      | <b>\$ 79,604</b>       |

Source: District Financial Statements

**TOWN OF BOONTON SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

|   | 2006             |                     | 2007                 |                      | 2008                 |  | 2009 |  | Fiscal Year Ended June 30, |                     | 2012              |                   | 2013              |            | 2014 |  | 2015 |  |
|---|------------------|---------------------|----------------------|----------------------|----------------------|--|------|--|----------------------------|---------------------|-------------------|-------------------|-------------------|------------|------|--|------|--|
|   |                  |                     |                      |                      |                      |  |      |  | 2010                       | 2011                |                   |                   |                   |            |      |  |      |  |
| General Fund                              |                  |                     |                      |                      |                      |  |      |  |                            |                     |                   |                   |                   |            |      |  |      |  |
| Reserved                                  | \$ 53,435        | \$ 1,051,187        | \$ 693,792           | \$ 812,888           | \$ 590,771           |  |      |  |                            |                     |                   |                   |                   |            |      |  |      |  |
| Unreserved                                | (7,708)          | 434,306             | 860,280              | 358,609              | 401,496              |  |      |  |                            |                     |                   |                   |                   |            |      |  |      |  |
| Nonspendable                              |                  |                     |                      |                      |                      |  |      |  |                            | \$ 264,581          | \$ 6,750          |                   |                   |            |      |  |      |  |
| Restricted                                |                  |                     |                      |                      |                      |  |      |  |                            | 113,058             | 135,743           | \$ 89,834         | \$ 373,124        | \$ 373,271 |      |  |      |  |
| Assigned                                  |                  |                     |                      |                      |                      |  |      |  |                            | 576,840             | 354,506           | 184,989           | 109,559           | 157,260    |      |  |      |  |
| Unassigned                                | -                | -                   | -                    | -                    | -                    |  |      |  |                            | (49,372)            | (106,632)         | (57,574)          | 314,144           | 238,161    |      |  |      |  |
| <b>Total General Fund</b>                 | <b>\$ 45,727</b> | <b>\$ 1,485,493</b> | <b>\$ 1,554,072</b>  | <b>\$ 1,171,497</b>  | <b>\$ 992,267</b>    |  |      |  | <b>\$ 905,107</b>          | <b>\$ 390,367</b>   | <b>\$ 217,249</b> | <b>\$ 796,827</b> | <b>\$ 768,692</b> |            |      |  |      |  |
| All Other Governmental Funds              |                  |                     |                      |                      |                      |  |      |  |                            |                     |                   |                   |                   |            |      |  |      |  |
| Reserved                                  |                  |                     | \$ 1,410,970         | \$ 210,763           | \$ 1,469,245         |  |      |  |                            |                     |                   |                   |                   |            |      |  |      |  |
| Unreserved                                | \$ 9,543         | \$ (356,055)        | 15,314,700           | 15,639,627           | 14,107,020           |  |      |  |                            |                     |                   |                   |                   |            |      |  |      |  |
| Restricted                                |                  |                     |                      |                      |                      |  |      |  |                            | 13,532,000          | \$ 3,880,341      | \$ 125,389        | \$ 125,389        | \$ 96,295  |      |  |      |  |
| <b>Total All Other Governmental Funds</b> | <b>\$ 9,543</b>  | <b>\$ (356,055)</b> | <b>\$ 16,725,670</b> | <b>\$ 15,850,390</b> | <b>\$ 15,576,265</b> |  |      |  | <b>\$ 13,532,000</b>       | <b>\$ 3,880,341</b> | <b>\$ 125,389</b> | <b>\$ 125,389</b> | <b>\$ 96,295</b>  |            |      |  |      |  |
| Total Governmental Funds                  |                  |                     |                      |                      |                      |  |      |  |                            |                     |                   |                   |                   |            |      |  |      |  |
| Reserved                                  | \$ 53,435        | \$ 1,051,187        | \$ 2,104,762         | \$ 1,023,651         | \$ 2,060,016         |  |      |  |                            |                     |                   |                   |                   |            |      |  |      |  |
| Unreserved                                | 1,835            | 78,251              | 16,174,980           | 15,998,236           | 14,508,516           |  |      |  |                            |                     |                   |                   |                   |            |      |  |      |  |
| Nonspendable                              |                  |                     |                      |                      |                      |  |      |  |                            | \$ 264,581          | \$ 6,750          |                   |                   |            |      |  |      |  |
| Restricted                                |                  |                     |                      |                      |                      |  |      |  |                            | 13,645,058          | 4,016,084         | \$ 215,223        | \$ 498,513        | \$ 469,566 |      |  |      |  |
| Assigned                                  |                  |                     |                      |                      |                      |  |      |  |                            | 576,840             | 354,506           | 184,989           | 109,559           | 157,260    |      |  |      |  |
| Unassigned                                | -                | -                   | -                    | -                    | -                    |  |      |  |                            | (49,372)            | (106,632)         | (57,574)          | 314,144           | 238,161    |      |  |      |  |
| <b>Total Governmental Funds</b>           | <b>\$ 55,270</b> | <b>\$ 1,129,438</b> | <b>\$ 18,279,742</b> | <b>\$ 17,021,887</b> | <b>\$ 16,568,532</b> |  |      |  | <b>\$ 14,437,107</b>       | <b>\$ 4,270,708</b> | <b>\$ 342,638</b> | <b>\$ 922,216</b> | <b>\$ 864,987</b> |            |      |  |      |  |

Source: District Financial Statements

**TOWN OF BOONTON SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
(modified accrual basis of accounting)

|  | Fiscal Year Ended June 30, |                     |                      |                       |                     |                       |                        |                       |                   |                    |
|--|----------------------------|---------------------|----------------------|-----------------------|---------------------|-----------------------|------------------------|-----------------------|-------------------|--------------------|
|  | 2006                       | 2007                | 2008                 | 2009                  | 2010                | 2011                  | 2012                   | 2013                  | 2014              | 2015               |
| <b>Revenues</b>  |                            |                     |                      |                       |                     |                       |                        |                       |                   |                    |
| Property Tax Levy  | \$ 11,726,391              | \$ 13,755,266       | \$ 14,051,450        | \$ 15,144,343         | \$ 16,265,356       | \$ 16,928,567         | \$ 16,922,857          | \$ 17,172,487         | \$ 17,907,270     | \$ 18,198,345      |
| Tuition Charges  | 3,798,677                  | 3,716,535           | 4,595,583            | 4,608,138             | 4,765,154           | 4,694,605             | 4,632,374              | 6,544,697             | 6,686,058         | 6,454,946          |
| Interest Earnings  | 24,481                     | 45,892              | 864,915              | 280,826               | 46,464              | 18,791                | 2,640                  | 251                   | 3,191             | 63                 |
| Miscellaneous  | 184,170                    | 198,521             | 265,326              | 57,532                | 447,995             | 995,545               | 376,806                | 147,442               | 250,579           | 343,322            |
| State Sources  | 3,193,255                  | 3,877,756           | 4,064,676            | 3,575,499             | 3,642,973           | 2,547,047             | 3,332,361              | 3,875,697             | 3,614,930         | 3,896,230          |
| Federal Sources  | 466,018                    | 396,458             | 435,052              | 474,404               | 923,018             | 646,645               | 632,343                | 566,344               | 470,850           | 636,143            |
| <b>Total Revenue</b>   | <b>19,392,992</b>          | <b>21,990,428</b>   | <b>24,277,002</b>    | <b>24,140,742</b>     | <b>26,090,960</b>   | <b>25,831,200</b>     | <b>25,899,381</b>      | <b>28,306,918</b>     | <b>28,932,878</b> | <b>29,529,049</b>  |
| <b>Expenditures</b>  |                            |                     |                      |                       |                     |                       |                        |                       |                   |                    |
| Instruction  |                            |                     |                      |                       |                     |                       |                        |                       |                   |                    |
| Regular Instruction  | 5,414,319                  | 5,545,621           | 6,373,444            | 6,356,752             | 6,565,413           | 9,445,022             | 9,488,666              | 10,769,675            | 10,217,283        | 11,055,583         |
| Special Education Instruction                                | 1,684,533                  | 1,925,424           | 2,241,865            | 2,602,974             | 2,799,897           | 4,594,746             | 4,846,099              | 5,723,331             | 5,719,166         | 5,890,594          |
| Other Instruction  | 494,886                    | 366,146             | 436,663              | 428,062               | 503,965             | 610,474               | 819,048                | 505,841               | 415,714           | 175,010            |
| School Sponsored Co-Curricular Activ.                        | 415,876                    | 485,976             | 648,230              | 680,867               | 740,734             | 685,144               | 787,917                | 866,832               | 932,877           | 1,214,747          |
| Support Services   |                            |                     |                      |                       |                     |                       |                        |                       |                   |                    |
| Tuition  | 971,545                    | 1,131,804           | 1,523,142            | 1,421,188             | 1,363,419           |                       |                        |                       |                   |                    |
| Student & Instruction Related Services                       | 2,000,434                  | 2,207,515           | 2,861,700            | 3,080,149             | 3,301,057           | 4,236,357             | 4,467,586              | 4,513,515             | 4,518,019         | 4,522,916          |
| General Administration Services                              | 504,606                    | 536,207             | 719,640              | 523,155               | 532,845             | 579,779               | 559,059                | 636,429               | 656,882           | 647,455            |
| School Administrative Services                               | 909,296                    | 979,071             | 844,083              | 872,074               | 919,032             | 1,260,609             | 1,085,056              | 1,077,998             | 942,284           | 969,786            |
| Central Services   | 384,646                    | 382,269             | 350,119              | 421,519               | 326,920             | 428,354               | 479,799                | 503,342               | 503,207           | 560,947            |
| Plant Operations And Maintenance                             | 1,573,604                  | 1,719,669           | 1,902,167            | 1,795,537             | 1,875,060           | 2,038,944             | 1,943,356              | 1,836,200             | 2,214,221         | 2,074,370          |
| Pupil Transportation   | 393,892                    | 433,857             | 476,023              | 458,753               | 382,887             | 352,462               | 323,435                | 387,590               | 409,558           | 585,328            |
| Allocated Benefits   |                            | 2,412,618           | 2,751,512            | 3,238,830             | 3,761,189           |                       |                        |                       |                   |                    |
| Unallocated Benefits   | 4,029,101                  | 2,369,873           | 2,429,510            | 1,396,111             | 1,515,577           |                       |                        |                       |                   |                    |
| TPAF Pension/Social Security                                 |                            |                     |                      |                       |                     |                       |                        |                       |                   |                    |
| Unallocated Expenditures                                     |                            |                     |                      |                       |                     |                       |                        |                       |                   |                    |
| Special Schools  | 37,514                     | 35,000              | 38,000               |                       |                     |                       |                        |                       |                   |                    |
| Charter Schools  | 33,553                     | 36,504              | 41,006               | 40,366                | 33,442              |                       |                        |                       |                   |                    |
| Capital Outlay   | 156,231                    | 757,157             | 6,548,464            | 996,965               | 302,783             | 2,049,835             | 9,651,659              | 3,801,685             | 1,053,408         | 254,048            |
| Debt Service:  |                            |                     |                      |                       |                     |                       |                        |                       |                   |                    |
| Principal  |                            |                     |                      | 546,000               | 546,000             | 629,218               | 590,000                | 615,000               | 839,278           | 949,132            |
| Interest And Other Charges                                   | -                          | -                   | 522,130              | 1,074,095             | 1,074,095           | 1,051,681             | 1,024,100              | 997,550               | 987,773           | 1,155,340          |
| <b>Total Expenditures</b>                                    | <b>19,004,036</b>          | <b>21,324,711</b>   | <b>30,707,698</b>    | <b>25,933,397</b>     | <b>26,544,315</b>   | <b>27,962,625</b>     | <b>36,065,780</b>      | <b>32,234,988</b>     | <b>29,409,670</b> | <b>30,055,256</b>  |
| Excess (Deficiency) Of Revenues<br>Over (Under) Expenditures | 388,956                    | 665,717             | (6,430,696)          | (1,792,655)           | (453,355)           | (2,131,425)           | (10,166,399)           | (3,928,070)           | (476,792)         | (526,207)          |
| <b>Other Financing Sources (Uses)</b>                        |                            |                     |                      |                       |                     |                       |                        |                       |                   |                    |
| Bond Proceeds  |                            |                     | 23,581,000           |                       |                     |                       |                        |                       |                   |                    |
| Refunding Bond Proceeds                                      |                            |                     |                      |                       |                     |                       |                        |                       |                   | 18,780,000         |
| Premium on Refunded Bonds Issued                             |                            |                     |                      |                       |                     |                       |                        |                       |                   | 1,696,069          |
| Payment to Refunded Bond Escrow Agent                        |                            |                     |                      |                       |                     |                       |                        |                       |                   | (20,181,479)       |
| Capital Lease Proceeds                                       |                            |                     |                      |                       |                     |                       |                        |                       | 1,056,370         | 174,388            |
| Transfers In   | 5,756                      | 408,451             | 831,734              | 280,520               | 36,624              | 12,604                | 2,455                  | 160                   | 2                 | -                  |
| Transfers Out  | (84,108)                   | -                   | (831,734)            | (280,520)             | (36,624)            | (12,604)              | (2,455)                | (160)                 | (2)               | -                  |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(78,352)</b>            | <b>408,451</b>      | <b>23,581,000</b>    | <b>-</b>              | <b>-</b>            | <b>-</b>              | <b>-</b>               | <b>-</b>              | <b>1,056,370</b>  | <b>468,978</b>     |
| <b>Net Change In Fund Balances</b>                           | <b>\$ 310,604</b>          | <b>\$ 1,074,168</b> | <b>\$ 17,150,304</b> | <b>\$ (1,792,655)</b> | <b>\$ (453,355)</b> | <b>\$ (2,131,425)</b> | <b>\$ (10,166,399)</b> | <b>\$ (3,928,070)</b> | <b>\$ 579,578</b> | <b>\$ (57,229)</b> |
| Debt Service As A Percentage Of<br>Noncapital Expenditures   | 0.00%                      | 0.00%               | 2.16%                | 6.50%                 | 6.17%               | 6.49%                 | 6.11%                  | 5.67%                 | 6.44%             | 7.06%              |

\* Noncapital expenditures are total expenditures less capital outlay.

Source: District Financial Statements

TOWN OF BOONTON SCHOOL DISTRICT  
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
 LAST TEN YEARS  
 (Unaudited)

| <u>Fiscal Year Ended June 30,</u> | <u>Interest on Investments</u> | <u>Tuition</u> | <u>Rentals</u> | <u>Refunds</u> | <u>E-Rate</u> | <u>Prior Year Accounts Receivable Cancelled</u> | <u>Reimbursement of Dental Premiums</u> | <u>Summer School Tuition</u> | <u>Prior Year Taxes</u> | <u>Donation</u> | <u>Other</u> | <u>Total</u> |
|-----------------------------------|--------------------------------|----------------|----------------|----------------|---------------|---|---|------------------------------|-------------------------|-----------------|--------------|--------------|
| 2006                              | \$ 24,209                      | \$ 3,755,508   |                | \$ 100,851     |               |   |   | \$ 43,169                    |                         |                 | \$ 66,423    | \$ 3,990,160 |
| 2007                              | 45,892                         | 3,716,535      | \$ 68,673      | 5,209          |               |   | \$ 14,167                               | 50,041                       |                         |                 | 60,431       | 3,960,948    |
| 2008                              | 33,181                         | 4,595,583      | 99,731         | 27,873         |               |   | 15,133                                  | 56,236                       |                         |                 | 57,807       | 4,885,544    |
| 2009                              | 17,108                         | 4,608,138      | 251            | 38,576         |               | \$ (24,371)                                     | 15,913                                  |                              |                         |                 | 10,400       | 4,666,015    |
| 2010                              | 9,840                          | 4,765,154      | 305,193        | 27,825         |               |   | 16,020                                  |                              |                         |                 | 83,510       | 5,207,542    |
| 2011                              | 6,187                          | 4,694,605      | 112,664        |                |               |   |   |                              | \$ 550,168              |                 | 328,908      | 5,692,532    |
| 2012                              | 4,022                          | 4,632,374      | 76,033         | 125,480        |               |   |   |                              |                         |                 | 169,607      | 5,007,516    |
| 2013                              | 91                             | 6,544,697      | 44,829         |                |               |   |   |                              |                         |                 | 100,613      | 6,690,230    |
| 2014                              | 3,189                          | 6,686,058      | 141,724        | 64,113         |               |   |   |                              |                         |                 | 40,448       | 6,935,532    |
| 2015                              | 63                             | 6,454,946      | 175,837        | 45,685         | 23,854        |   |   |                              |                         | 34,518          | 63,428       | 6,798,331    |

Source: District Financial Records

**TOWN OF BOONTON SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE TAX PROPERTY  
 LAST TEN YEARS  
 (Unaudited)**

| Year Ended<br>December<br>31, | Vacant Land               | Residential    | Farm Reg.  | Qfarm    | Commercial    | Industrial    | Apartment    | Total Assessed<br>Value | Public<br>Utilities | Net Valuation<br>Taxable | Estimated Actual<br>(County Equalized<br>Value) | Total Direct<br>School Tax<br>Rate <sup>a</sup> |
|-------------------------------|---------------------------|----------------|------------|----------|---------------|---------------|--------------|-------------------------|---------------------|--------------------------|---|---|
| 2006                          | \$ 3,948,100              | \$ 434,870,700 | \$ 218,700 | \$ 1,700 | \$ 79,620,900 | \$ 35,995,800 | \$ 9,339,000 | \$ 563,994,900          | \$ 3,839,208        | \$ 567,834,108           | \$ 1,150,613,427                                | 2.230   |
| 2007                          | 4,056,200                 | 438,059,900    | 218,700    | 1,700    | 80,898,000    | 3,601,780     | 9,339,000    | 536,175,280             | 3,584,868           | 539,760,148              | 1,251,303,645                                   | 2.410   |
| 2008                          | 10,755,400                | 1,001,230,100  | 412,700    | 2,000    | 182,340,200   | 74,767,800    | 21,214,600   | 1,290,722,800           | 7,546,070           | 1,298,268,870            | 1,349,249,270                                   | 1.150   |
| 2009                          | 11,545,100                | 1,001,406,500  | 412,700    | 2,000    | 179,263,400   | 72,634,000    | 20,261,800   | 1,285,525,500           | 7,450,446           | 1,292,975,946            | 1,326,296,441                                   | 1.230   |
| 2010                          | 12,086,500                | 1,000,696,400  | 412,700    | 2,000    | 177,822,100   | 69,929,400    | 20,878,800   | 1,281,827,900           | 7,517,899           | 1,289,345,799            | 1,283,550,247                                   | 1.283   |
| 2011                          | 8,545,800                 | 853,780,800    | 365,900    | 3,200    | 162,094,800   | 65,321,200    | 19,675,400   | 1,109,787,100           | 7,481,282           | 1,117,268,382            | 1,244,208,934                                   | 1.506   |
| 2012                          | 8,374,000                 | 854,409,500    | 365,900    | 2,200    | 160,413,600   | 65,092,900    | 19,504,600   | 1,108,162,700           | 100                 | 1,108,162,800            | 1,165,517,730                                   | 1.532   |
| 2013                          | 7,620,000                 | 853,368,400    | 365,900    | 2,200    | 159,612,300   | 63,558,500    | 19,213,200   | 1,103,740,500           | 100                 | 1,103,740,600            | 1,110,673,783                                   | 1.585   |
| 2014                          | 7,185,500                 | 852,895,600    | 252,500    | 2,200    | 160,407,600   | 63,558,500    | 19,213,200   | 1,103,515,100           | 100                 | 1,103,515,200            | 1,097,543,322                                   | 1.625   |
| 2015                          | Information Not Available |                |            |          |               |               |              |                         |                     |                          |   |   |

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

**TOWN OF BOONTON SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 (Unaudited)  
 (rate per \$100 of assessed value)**

| Year<br>Ended<br><u>December 31,</u> | Total<br>Direct<br>School Rate | <u>Overlapping Rates</u>   |                          | Total Direct<br>and<br>Overlapping<br>Tax Rate |
|--------------------------------------|--------------------------------|----------------------------|--------------------------|--|
|                                      |                                | <u>Town of<br/>Boonton</u> | <u>Morris<br/>County</u> |  |
| 2006                                 | \$ 2.23                        | \$ 0.97                    | \$ 0.51                  | \$ 3.71  |
| 2007                                 | 2.41                           | 1.08                       | 0.52                     | 4.02   |
| 2008                                 | 1.15                           | 0.52                       | 0.24                     | 1.91   |
| 2009                                 | 1.23                           | 0.56                       | 0.23                     | 2.02   |
| 2010                                 | 1.28                           | 0.60                       | 0.23                     | 2.10   |
| 2011                                 | 1.51                           | 0.71                       | 0.26                     | 2.48   |
| 2012                                 | 1.53                           | 0.73                       | 0.26                     | 2.52   |
| 2013                                 | 1.58                           | 0.72                       | 0.24                     | 2.54   |
| 2014                                 | 1.63                           | 0.77                       | 0.26                     | 2.65   |
| 2015                                 |                                | Information Not Available  |                          |  |

Source: Municipal Tax Assessor

**TOWN OF BOONTON SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)**

| Taxpayer | 2015                   |  | 2006                   |  |
|----------|------------------------|--|------------------------|--|
|          | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
|          |                        | Information                            |                        | Information                            |
|          |                        | not                                    |                        | not                                    |
|          |                        | Available                              |                        | Available                              |

Source: Municipal Tax Assessor

**TOWN OF BOONTON SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

| Year Ended<br>June 30, | Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal Year<br>of the Levy |                       | Collections in<br>Subsequent<br>Years |
|------------------------|-------------------------------------|---|-----------------------|---------------------------------------|
|                        |                                     | Amount  | Percentage of<br>Levy |                                       |
| 2006                   | \$ 11,726,391                       | \$ 11,726,391                                   | 100.00%               | N/A                                   |
| 2007                   | 13,755,266                          | 13,755,266                                      | 100.00%               | N/A                                   |
| 2008                   | 14,051,450                          | 14,051,450                                      | 100.00%               | N/A                                   |
| 2009                   | 15,144,343                          | 15,144,343                                      | 100.00%               | N/A                                   |
| 2010                   | 16,265,356                          | 15,983,615                                      | 98.27%                | \$ 281,741                            |
| 2011                   | 16,928,567                          | 16,928,567                                      | 100.00%               | N/A                                   |
| 2012                   | 16,922,857                          | 16,922,857                                      | 100.00%               | N/A                                   |
| 2013                   | 17,172,487                          | 17,172,487                                      | 100.00%               | N/A                                   |
| 2014                   | 17,907,270                          | 17,907,270                                      | 100.00%               | N/A                                   |
| 2015                   | 18,198,345                          | 18,198,345                                      | 100.00%               | N/A                                   |

Source: School District's Financial Statements

**TOWN OF BOONTON SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

| Fiscal Year<br>Ended June<br>30, | Governmental Activities        |                   | Total District | Population | Per Capita |
|----------------------------------|--------------------------------|-------------------|----------------|------------|------------|
|                                  | General<br>Obligation<br>Bonds | Capital<br>Leases |                |            |            |
| 2006                             | -                              | \$ 168,700        | \$ 168,700     | 8,420      | 20         |
| 2007                             | -                              | 353,416           | 353,416        | 8,397      | 42         |
| 2008                             | 23,581,000                     | 240,858           | 23,821,858     | 8,435      | 2,824      |
| 2009                             | 23,581,000                     | 125,664           | 23,706,664     | 8,460      | 2,802      |
| 2010                             | 23,035,000                     | 64,218            | 23,099,218     | 8,354      | 2,765      |
| 2011                             | 22,470,000                     |                   | 22,470,000     | 8,405      | 2,673      |
| 2012                             | 21,880,000                     |                   | 21,880,000     | 8,427      | 2,596      |
| 2013                             | 21,265,000                     |                   | 21,265,000     | 8,433      | 2,522      |
| 2014                             | 20,620,000                     | 862,092           | 21,482,092     | 8,412      | 2,554      |
| 2015                             | 20,140,000                     | 827,348           | 20,967,348     | 8,412 (E)  | 2,493      |

Source: District Records

(E) - Estimate

**TOWN OF BOONTON SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

| <u>General Bonded Debt Outstanding</u> |                             |            |   |  |                         |  |
|--|-----------------------------|------------|---|--|-------------------------|--|
| Fiscal Year<br>Ended June<br>30,       | General<br>Obligation Bonds | Deductions | Net General<br>Bonded Debt<br>Outstanding | Percentage of<br>Actual Taxable<br>Value <sup>a</sup> of<br>Property | Per Capita <sup>b</sup> |  |
| 2006                                   | -                           | -          | -   | 0.00%  | -                       |  |
| 2007                                   | -                           | -          | -   | 0.00%  | -                       |  |
| 2008                                   | \$ 23,581,000               | -          | \$ 23,581,000                             | 4.12%  | 2,796                   |  |
| 2009                                   | 23,581,000                  | -          | 23,581,000                                | 1.82%  | 2,787                   |  |
| 2010                                   | 23,035,000                  | -          | 23,035,000                                | 1.78%  | 2,757                   |  |
| 2011                                   | 22,470,000                  | -          | 22,470,000                                | 2.01%  | 2,673                   |  |
| 2012                                   | 21,880,000                  | -          | 21,880,000                                | 1.97%  | 2,596                   |  |
| 2013                                   | 21,265,000                  | -          | 21,265,000                                | 1.93%  | 2,522                   |  |
| 2014                                   | 20,620,000                  | -          | 20,620,000                                | 1.87%  | 2,451                   |  |
| 2015                                   | 20,140,000                  | -          | 20,140,000                                | N/A  | 2,394                   |  |

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

**TOWN OF BOONTON SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014  
(UNAUDITED)**

|  | <u>Gross<br/>Debt</u> | <u>Deduction</u>     | <u>Net Debt</u>      |
|--|-----------------------|----------------------|----------------------|
| Municipal Debt (1)                               |                       |                      |                      |
| Town of Boonton                                  | \$ 14,150,195         | \$ 6,848,215         | \$ 7,301,980         |
| Town of Boonton School District                  | <u>20,620,325</u>     | <u>20,620,325</u>    | <u>-</u>             |
|  | <u>\$ 34,770,520</u>  | <u>\$ 27,468,540</u> | 7,301,980            |
| Overlapping Debt Apportioned to the Municipality |                       |                      |                      |
| County of Morris (2)                             |                       |                      | <u>\$ 2,887,479</u>  |
| Total Direct and Overlapping Debt                |                       |                      | <u>\$ 10,189,459</u> |

## Source:

- (1) Town of Boonton's 2014 Annual Debt Statement
- (2) The debt for this entity was apportioned to the Town of Boonton School District by dividing the municipality's 2014 equalized value by the total 2014 equalized value for Morris County.

TOWN OF BOONTON SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2015

|   |                           |                        |
|---|---------------------------|------------------------|
|   | Equalized valuation basis |                        |
|   | 2014                      | \$1,138,936,010        |
|   | 2013                      | 1,085,290,560          |
|   | 2012                      | 1,101,662,889          |
|   |                           | <u>\$3,325,889,459</u> |
| Average equalized valuation of taxable property |                           | <u>\$1,108,629,820</u> |
| Debt limit (4 % of average equalization value)  |                           | \$ 44,345,193          |
| Total Net Debt Applicable to Limit              |                           | <u>20,140,325</u>      |
| Legal debt margin                               |                           | <u>\$ 24,204,868</u>   |

|   | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt limit  | \$ 22,399,111        | \$ 44,061,041        | \$ 48,799,108        | \$ 51,253,363        | \$ 51,829,041        | \$ 50,521,691        | \$ 48,469,969        | \$ 46,313,265        | \$ 44,529,846        | \$ 44,345,193        |
| Total net debt applicable to limit                                      | -                    | -                    | <u>23,581,000</u>    | <u>23,581,000</u>    | <u>23,035,000</u>    | <u>22,470,325</u>    | <u>21,880,325</u>    | <u>21,265,325</u>    | <u>20,620,325</u>    | <u>20,140,325</u>    |
| Legal debt margin   | <u>\$ 22,399,111</u> | <u>\$ 44,061,041</u> | <u>\$ 25,218,108</u> | <u>\$ 27,672,363</u> | <u>\$ 28,794,041</u> | <u>\$ 28,051,366</u> | <u>\$ 26,589,644</u> | <u>\$ 25,047,940</u> | <u>\$ 23,909,521</u> | <u>\$ 24,204,868</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 0.00%                | 0.00%                | 48.32%               | 46.01%               | 44.44%               | 44.48%               | 45.14%               | 45.92%               | 46.31%               | 45.42%               |

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

**TOWN OF BOONTON SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

| Year Ended<br>December<br>31, | Population | County Per<br>Capita Personal<br>Income | Unemployment Rate |
|-------------------------------|------------|---|-------------------|
| 2006                          | 8,420      | \$ 66,763                               | 6.3%              |
| 2007                          | 8,397      | 69,843                                  | 5.7%              |
| 2008                          | 8,435      | 71,937                                  | 7.5%              |
| 2009                          | 8,460      | 67,698                                  | 12.6%             |
| 2010                          | 8,354      | 68,656                                  | 12.7%             |
| 2011                          | 8,405      | 71,914                                  | 12.3%             |
| 2012                          | 8,427      | 74,826                                  | 12.8%             |
| 2013                          | 8,433      | 75,054                                  | 8.4%              |
| 2014                          | 8,412      | N/A                                     | 5.2%              |
| 2015                          | 8,412 (E)  | N/A                                     | N/A               |

**Source:**

United States Bureau of Census, Population Division estimates

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

E - Estimate

N/A - Not Available

TOWN OF BOONTON SCHOOL DISTRICT  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (UNAUDITED)

| Employer | 2015      |                                       | 2006      |                                       |
|----------|-----------|---------------------------------------|-----------|---------------------------------------|
|          | Employees | % of Total<br>Municipal<br>Employment | Employees | % of Total<br>Municipal<br>Employment |

INFORMATION NOT AVAILABLE

**TOWN OF BOONTON SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

| <u>Function/Program</u>                | <u>2006</u>   | <u>2007</u>   | <u>2008</u>   | <u>2009</u>   | <u>2010</u>   | <u>2011</u>   | <u>2012</u>   | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Instruction                            |               |               |               |               |               |               |               |               |               |               |
| Regular                                | 97.54         | 91.26         | 90.80         | 98.00         | 100.00        | 97.00         | 97.00         | 94.00         | 92.00         | 92.30         |
| Special education                      | 35.93         | 36.40         | 40.50         | 36.00         | 37.00         | 35.00         | 32.00         | 45.00         | 43.00         | 45.00         |
| Support Services:                      |               |               |               |               |               |               |               |               |               |               |
| Student & instruction related services | 26.10         | 31.50         | 29.10         | 27.00         | 28.00         | 28.00         | 29.00         | 38.20         | 33.00         | 38.75         |
| General administrative services        | 2.00          | 2.00          | 2.00          | 2.00          | 1.00          | 2.00          | 2.00          | 1.80          | 3.00          | 3.00          |
| School administrative services         | 17.00         | 12.83         | 13.00         | 11.00         | 11.00         | 8.00          | 8.00          | 8.00          | 7.00          | 8.15          |
| Business administrative services       | 4.30          | 5.00          | 4.00          | 5.00          | 4.00          | 4.00          | 4.00          | 4.00          | 6.20          | 4.50          |
| Plant operations and maintenance       | 17.00         | 17.00         | 17.00         | 17.00         | 15.00         | 15.00         | 15.00         | 16.00         | 16.00         | 16.00         |
| Lunchroom/Playground Aides             | -             | 1.80          | 1.00          | 2.00          | 2.00          | 2.00          | 8.00          | 4.00          | 3.00          | 1.20          |
| Pupil Transportation                   | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| <b>Total</b>                           | <u>200.87</u> | <u>198.79</u> | <u>198.40</u> | <u>199.00</u> | <u>199.00</u> | <u>192.00</u> | <u>196.00</u> | <u>212.00</u> | <u>204.20</u> | <u>209.90</u> |

N/A - Not Available

Source: District Records

**TOWN OF BOONTON SCHOOL DISTRICT  
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) | Percentage Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|--------------|--------------------------|------------------|-------------------|----------------|---------------------|---------------|--------------------|--------------------------------|--------------------------------|---|-------------------------------|
|             |              |                          |                  |                   |                | Elementary          | Middle School | Senior High School |                                |                                |   |                               |
| 2006        | 1,229        | \$ 18,847,805            | \$ 15,336        | -0.83%            | 132            | 1:12                | 1:7           | 1:9                | 1,327                          | 1,229                          | 2.47%   | 92.61%                        |
| 2007        | 1,263        | 20,567,554               | 16,285           | 9.12%             | 116            | 1:10                | 1:10          | 1:12               | 1,263                          | 1,198                          | -4.82%  | 94.85%                        |
| 2008        | 1,289        | 23,637,104               | 18,338           | 14.92%            | 113            | 1:10                | 1:10          | 1:12               | 1,242                          | 1,179                          | -1.66%  | 94.93%                        |
| 2009        | 1,208        | 23,316,337               | 19,302           | -1.36%            | 131            | 1:09                | 1:11          | 1:9                | 1,208                          | 1,146                          | -2.74%  | 94.87%                        |
| 2010        | 1,205        | 24,621,437               | 20,433           | 5.60%             | 131            | 1:10                | 1:11          | 1:9                | 1,205                          | 1,162                          | -0.25%  | 96.43%                        |
| 2011        | 1,241        | 24,231,891               | 19,526           | -1.58%            | 152            | 1:12                | 1:19          | 1:11               | 1,241                          | 1,179                          | 2.99%   | 95.00%                        |
| 2012        | 1,254        | 24,800,021               | 19,777           | 2.34%             | 153            | 1:12                | 1:19          | 1:11               | 1,266                          | 1,208                          | 2.01%   | 95.42%                        |
| 2013        | 1,289        | 26,820,753               | 20,807           | 8.15%             | 153            | 1:11                | 1:19          | 1:11               | 1,274                          | 1,215                          | 0.63%   | 95.37%                        |
| 2014        | 1,293        | 26,529,211               | 20,518           | 6.97%             | 153            | 1:12                | 1:09          | 1:12               | 1,293                          | 1,236                          | 1.49%   | 95.59%                        |
| 2015        | 1,303        | 27,696,736               | 21,256           | 3.27%             | 133            | 1:12                | 1:09          | 1:10               | 1,308                          | 1,251                          | 1.16%   | 95.64%                        |

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

TOWN OF BOONTON SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS

|   | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b><u>District Building</u></b>                         |             |             |             |             |             |             |             |             |             |             |
| School Street School (Grades K-3)                       |             |             |             |             |             |             |             |             |             |             |
| Square Feet   | 42,000      | 42,000      | 42,000      | 42,000      | 42,000      | 42,000      | 42,000      | 42,000      | 42,000      | 42,000      |
| Capacity (Students)                                     | 299         | 299         | 299         | 299         | 299         | 299         | 299         | 299         | 299         | 299         |
| Enrollment  | 316         | 290         | 273         | 270         | 274         | 316         | 342         | 342         | 122         | 122         |
| John Hill School, including Annex Building (Grades 4-8) |             |             |             |             |             |             |             |             |             |             |
| Square Feet   | 42,296      | 42,296      | 42,296      | 42,296      | 42,296      | 42,296      | 42,296      | 90,076      | 90,076      | 90,076      |
| Capacity (Students)                                     | 224         | 224         | 224         | 224         | 224         | 224         | 224         | 800         | 800         | 800         |
| Enrollment  | 239         | 222         | 227         | 217         | 206         | 199         | 201         | 410         | 595         | 595         |
| Boonton High School (Grades 9-12)                       |             |             |             |             |             |             |             |             |             |             |
| Square Feet   | 111,741     | 111,741     | 111,741     | 111,741     | 111,741     | 111,741     | 111,741     | 111,741     | 111,741     | 111,741     |
| Capacity (Students)                                     | 501         | 501         | 501         | 501         | 501         | 501         | 501         | 501         | 501         | 501         |
| Enrollment  | 762         | 751         | 742         | 724         | 734         | 726         | 727         | 537         | 607         | 607         |
| Administration Building                                 |             |             |             |             |             |             |             |             |             |             |
| Square Feet   | 2,120       | 2,120       | 2,120       | 2,120       | 2,120       | 2,120       | 2,120       | 2,120       | 2,120       | 2,120       |
| Administration Annex Building                           |             |             |             |             |             |             |             |             |             |             |
| Square Feet   | 1,222       | 1,222       | 1,222       | 1,222       | 1,222       | 1,222       | 1,222       | 1,222       | 1,222       | 1,222       |
| Child Study Team  |             |             |             |             |             |             |             |             |             |             |
| Square Feet   | 1,299       | 1,299       | 1,299       | 1,299       | 1,299       | 1,299       | 1,299       | 1,299       | 1,299       | 1,299       |
| Maintenance/Transportation Building                     |             |             |             |             |             |             |             |             |             |             |
| Square Feet   | 11,995      | 11,995      | 11,995      | 11,995      | 11,995      | 11,995      | 11,995      | 11,995      | 11,995      | 11,995      |
| Number of Schools at June 30, 2015                      |             |             |             |             |             |             |             |             |             |             |
| Elementary = 2  |             |             |             |             |             |             |             |             |             |             |
| Middle School = 1                                       |             |             |             |             |             |             |             |             |             |             |
| High School = 1   |             |             |             |             |             |             |             |             |             |             |

Source: District records

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

| <u>School Facilities</u> | <u>2006</u>       | <u>2007</u>       | <u>2008</u>       | <u>2009</u>       | <u>2010</u>       | <u>2011</u>       | <u>2012</u>       | <u>2013</u>       | <u>2014</u>       | <u>2015</u>       |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Boonton High School      | \$ 128,708        | \$ 90,254         | \$ 218,306        | \$ 80,934         | \$ 74,423         | \$ 76,762         | \$ 120,087        | \$ 196,753        | \$ 203,735        | \$ 101,934        |
| John Hill School         | 32,897            | 63,093            | 33,378            | 12,467            | 36,657            | 20,816            | 54,137            | 40,593            | 228,957           | 119,956           |
| School Street School     | 53,728            | 70,102            | 62,370            | 20,072            | 23,189            | 19,536            | 30,693            | 16,771            | 29,706            | 94,946            |
| Other Facilities         | <u>7,555</u>      | <u>2,530</u>      | <u>2,893</u>      | <u>166,208</u>    | <u>144,515</u>    | <u>90,816</u>     | <u>133,204</u>    | <u>25,684</u>     | <u>179,640</u>    | <u>48,299</u>     |
| Total School Facilities  | <u>\$ 222,888</u> | <u>\$ 225,979</u> | <u>\$ 316,947</u> | <u>\$ 279,681</u> | <u>\$ 278,784</u> | <u>\$ 207,930</u> | <u>\$ 338,121</u> | <u>\$ 279,801</u> | <u>\$ 642,038</u> | <u>\$ 365,135</u> |

**TOWN OF BOONTON SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2015  
(Unaudited)**

| <u>Company</u>                              | <u>Type of Coverage</u>   | <u>Coverage</u> | <u>Deductible</u> |
|---|---|-----------------|-------------------|
| New Jersey School Boards<br>Insurance Group | Property Blanket Building & Contents-<br>Replacement Cost Blanket Limit                   | \$ 350,000,000  | \$ 5,000          |
|   | Earthquake  | 50,000,000      |                   |
|   | Electronic Data Processing Coverage   | 1,000,000       | 1,000             |
|   | Boiler & Machinery - Umbrella Policy  | 100,000,000     | 5,000             |
|   | Crime-Blanket Faithful Performance  | 250,000         | 1,000             |
|   | Money & Securities - In/Out (crime)   | 25,000          | 500               |
|   | Depositors Forgery (in crime)   | 250,000         | 1,000             |
|   | General Liability   | 16,000,000      |                   |
|   | Commercial Automobile   | 16,000,000      |                   |
| American Safety                             | Environmental Impairment  | 11,000,000      | 25,000            |
| Markel Insurance/AIG<br>Bob McCloskey Ins.  | Student Accident Liability  | 1,000,000       | N/A               |
|   | Excess Medical  | 5,000,000       |                   |
|   | Catastrophic  | 1,000,000       |                   |
| Western Surety                              | Public Employees' Faithful Performance Blanket:<br>Board Secretary/Business Administrator | 250,000         | 1,000             |
|   | Treasurer   | 250,000         | 1,000             |
| New Jersey School Boards<br>Insurance Group | School Board Legal Liability -<br>Directors and Officers Policy                           | 16,000,000      | 5,000             |

**SINGLE AUDIT SECTION**



**LERCH, VINCI & HIGGINS, LLP** EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
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JEFFREY C. BLISS, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

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

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

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Trustees  
Town of Boonton School District  
Boonton, 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 Town of Boonton School District as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Town of Boonton School District’s basic financial statements and have issued our report thereon dated November 19, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Boonton School District’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 Town of Boonton School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Boonton School District’s internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Boonton School District'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 an instance of noncompliance or other matter that is 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 is described in the accompanying schedule of findings and questioned costs as item 2015-001.

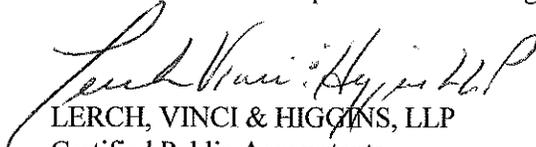
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Town of Boonton School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 19, 2015.

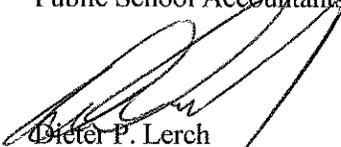
### **Town of Boonton School District's Response to the Finding**

The Town of Boonton School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Boonton School District'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 responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Boonton School District'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 Town of Boonton School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 19, 2015



# LERCH, VINCI & HIGGINS, LLP

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Town of Boonton School District  
Boonton, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Town of Boonton School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Town of Boonton School District's major federal and state programs for the fiscal year ended June 30, 2015. The Town of Boonton School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Boonton School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Town of Boonton School District'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 Town of Boonton School District's compliance.

### ***Opinion on Each Major Federal and State Program***

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

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as item 2015-002. Our opinion on each major federal and state program is not modified with respect to this matter.

The Town of Boonton School District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Boonton School District'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 Town of Boonton School District 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 Town of Boonton School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Boonton School District's internal control over compliance.

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

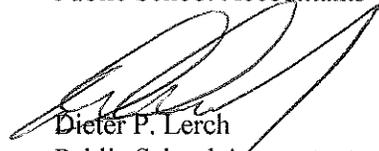
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 19, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 19, 2015

TOWN OF BOONTON SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass-Through Grantor<br>Program Title | Federal<br>CFDA<br>Number | Grant or<br>State Project<br>Number | Grant<br>Period | Award<br>Amount | Balance<br>July 1, 2014 | Carryover Amount    |                        | Cash<br>Received    | Budgetary<br>Expenditures | Adjustment      | Repayment of<br>Prior Years'<br>Balances | Balance, June 30, 2015   |                      | Due to<br>Grantor | Memo<br>GAAP<br>Receivable |
|---|---------------------------|-------------------------------------|-----------------|-----------------|-------------------------|---------------------|------------------------|---------------------|---------------------------|-----------------|--|--------------------------|----------------------|-------------------|----------------------------|
|   |                           |                                     |                 |                 |                         | Unearned<br>Revenue | Accounts<br>Receivable |                     |                           |                 |  | (Accounts<br>Receivable) | Unearned<br>Revenue/ |                   |                            |
| U.S. Department of Agriculture                        |                           |                                     |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| Passed-Through State Department of Education:         |                           |                                     |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| Enterprise Fund:                                      |                           |                                     |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| National School Breakfast Program                     | 10.553                    | N/A                                 | 7/1/14-6/30/15  | \$ 29,445       |                         |                     |                        | \$ 27,210           | \$ 29,445                 |                 |  | \$ (2,235)               |                      |                   | \$ 2,235                   |
| National School Breakfast Program                     | 10.553                    | N/A                                 | 7/1/13-6/30/14  | 46,583          | (3,185)                 |                     |                        | 3,185               |                           |                 |  |                          |                      |                   |                            |
| National School Lunch Program                         | 10.555                    | N/A                                 |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| Cash Assistance                                       |                           |                                     | 7/1/14-6/30/15  | 185,943         |                         |                     |                        | 174,029             | 186,314                   |                 |  | (12,285)                 |                      |                   | 12,285                     |
| Cash Assistance                                       |                           |                                     | 7/1/13-6/30/14  | 202,338         | (12,830)                |                     |                        | 12,830              |                           |                 |  |                          |                      |                   |                            |
| Non-Cash Assistance                                   |                           |                                     | 7/1/14-6/30/15  | 19,645          |                         |                     |                        | 19,750              | 18,279                    |                 |  | \$ 1,471                 |                      |                   |                            |
| Non-Cash Assistance                                   |                           |                                     | 7/1/13-6/30/14  | 26,006          | 1,366                   | -                   | -                      | -                   | 1,366                     | -               | -  | -                        | -                    | -                 | -                          |
| <b>Total Enterprise Fund</b>                          |                           |                                     |                 |                 | <b>(14,649)</b>         | <b>-</b>            | <b>-</b>               | <b>237,004</b>      | <b>235,404</b>            | <b>-</b>        | <b>-</b>                                 | <b>(14,520)</b>          | <b>1,471</b>         | <b>-</b>          | <b>14,520</b>              |
| U.S. Department of Health and Human Services          |                           |                                     |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| General Fund  |                           |                                     |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| Medical Assistance Program                            | 93.778                    | N/A                                 | 7/1/14-6/30/15  | 48,652          | -                       | -                   | -                      | 48,652              | 48,652                    | -               | -  | -                        | -                    | -                 | -                          |
| <b>Total General Fund</b>                             |                           |                                     |                 |                 | <b>-</b>                | <b>-</b>            | <b>-</b>               | <b>48,652</b>       | <b>48,652</b>             | <b>-</b>        | <b>-</b>                                 | <b>-</b>                 | <b>-</b>             | <b>-</b>          | <b>-</b>                   |
| U.S. Department of Education                          |                           |                                     |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| Passed Through State Department of Education          |                           |                                     |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| Special Revenue Fund                                  |                           |                                     |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| IDEA  |                           |                                     |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| Part B, Basic   | 84.027                    | FT-0450-15                          | 7/1/14-6/30/15  | 325,439         |                         | \$ 60,593           | \$ (60,593)            | 148,053             | 180,451                   | \$ (13,457)     |  | (237,979)                | \$ 192,124           |                   | 45,855                     |
| Part B, Basic   | 84.027                    | FT-0450-14                          | 7/1/13-6/30/14  | 266,233         | (136,336)               | (60,593)            | 60,593                 | 122,879             |                           | 13,457          |  |                          |                      |                   |                            |
| Part B, Basic   | 84.027                    | FT-0450-13                          | 9/1/12-8/31/13  | 291,606         | (186,746)               |                     |                        | 186,746             |                           |                 |  |                          |                      |                   |                            |
| Preschool   | 84.173                    | PS-0450-15                          | 7/1/14-6/30/15  | 10,698          |                         | 1,886               | (1,886)                |                     | 10,698                    | (1,886)         |  | (12,584)                 |                      |                   | 12,584                     |
| Preschool   | 84.173                    | PS-0450-14                          | 7/1/13-6/30/14  | 10,184          | (10,184)                | (1,886)             | 1,886                  | 8,298               |                           | 1,886           |  |                          |                      |                   |                            |
| Preschool   | 84.173                    | PS-0450-13                          | 9/1/12-8/31/13  | 10,973          | (10,103)                |                     |                        | 10,103              |                           |                 |  |                          |                      |                   |                            |
| NCLB  |                           |                                     |                 |                 |                         |                     |                        |                     |                           |                 |  |                          |                      |                   |                            |
| Title I   | 84.010                    | NCLB-0450-15                        | 7/1/14-6/30/15  | 209,935         | -                       | 132,472             | (132,472)              | 251,720             | 325,963                   |                 |  | (90,687)                 | 16,444               |                   | 74,243                     |
| Title I   | 84.010                    | NCLB-0450-14                        | 7/1/13-6/30/14  | 219,872         | (52,860)                | (132,472)           | 132,472                | 23,624              |                           | 29,236          |  |                          |                      |                   |                            |
| Title II-A  | 84.367A                   | NCLB-0450-15                        | 7/1/14-6/30/15  | 25,532          |                         | 7,302               | (7,302)                | 16,050              | 32,973                    | 3,185           |  | (16,784)                 | 3,046                |                   | 13,738                     |
| Title II-A  | 84.367A                   | NCLB-0450-14                        | 7/1/13-6/30/14  | 25,375          | 10,145                  | (7,302)             | 7,302                  | 11,363              |                           | (21,508)        |  |                          |                      |                   |                            |
| Title III   | 84.365A                   | NCLB-0450-15                        | 7/1/14-6/30/15  | 13,301          |                         | 8,752               | (8,752)                | 7,158               | 16,899                    |                 |  | (14,895)                 | 5,154                |                   | 9,741                      |
| Title III   | 84.365A                   | NCLB-0450-14                        | 7/1/13-6/30/14  | 12,100          | 6,226                   | (8,752)             | 8,752                  |                     |                           | (6,226)         |  |                          |                      |                   |                            |
| Race to the Top                                       |                           | RTTT-0450-15                        | 9/1/11-11/30/15 | 14,291          | (10,760)                | -                   | -                      | 14,036              | 3,164                     |                 |  | (255)                    | 367                  |                   |                            |
| <b>Total Special Revenue Fund</b>                     |                           |                                     |                 |                 | <b>(390,618)</b>        | <b>-</b>            | <b>-</b>               | <b>800,030</b>      | <b>570,148</b>            | <b>4,687</b>    | <b>-</b>                                 | <b>(373,184)</b>         | <b>217,135</b>       | <b>-</b>          | <b>156,161</b>             |
| <b>Total Federal Awards</b>                           |                           |                                     |                 |                 | <b>\$ (405,267)</b>     | <b>\$ -</b>         | <b>\$ -</b>            | <b>\$ 1,085,686</b> | <b>\$ 854,204</b>         | <b>\$ 4,687</b> | <b>\$ -</b>                              | <b>\$ (387,704)</b>      | <b>\$ 218,606</b>    | <b>\$ -</b>       | <b>\$ 170,681</b>          |

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

TOWNSHIP OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| State Grant/Program Title  | Grant or State Project Number | Grant Period   | Award Amount | Balance, July 1, 2014            |                | Carryover Amount | Cash Received | Budgetary Expenditures | Adjustment/ Reversion of Prior Year's Balance | June 30, 2015         |                  | Due to Grantor | GAAP Reservable | MEMO Cumulative Total Expenditures |
|--|-------------------------------|----------------|--------------|----------------------------------|----------------|------------------|---------------|------------------------|---|-----------------------|------------------|----------------|-----------------|------------------------------------|
|  |                               |                |              | Unearned Revenue/ (Assess. Rec.) | Due to Grantor |                  |               |                        |   | (Accounts Reservable) | Unearned Revenue |                |                 |                                    |
| <b>State Department of Education</b>   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| General Fund   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Special Education Aid  | 15-495-034-5120-089           | 7/1/14-6/30/15 | \$ 587,566   |                                  |                |                  | \$ 555,475    | \$ 587,566             |   | \$ (32,091)           |                  |                | \$              | \$ 587,566                         |
| Special Education Aid  | 14-495-034-5120-089           | 7/1/13-6/30/14 | 587,566      | (56,082)                         |                |                  | 56,082        |                        |   |                       |                  |                |                 |                                    |
| Equalization Aid   | 15-495-034-5120-078           | 7/1/14-6/30/15 | 434,008      | (41,426)                         |                |                  | 395,531       | 434,008                |   | (38,477)              |                  |                |                 | 454,008                            |
| Equalization Aid   | 14-495-034-5120-078           | 7/1/13-6/30/14 | 434,008      |                                  |                |                  | 41,426        |                        |   |                       |                  |                |                 |                                    |
| Security Aid   | 15-495-034-5120-084           | 7/1/14-6/30/15 | 46,136       | (4,404)                          |                |                  | 42,046        | 46,136                 |   | (4,090)               |                  |                |                 | 46,136                             |
| Security Aid   | 14-495-034-5120-084           | 7/1/13-6/30/14 | 46,136       |                                  |                |                  | 4,404         |                        |   |                       |                  |                |                 |                                    |
| Security Aid   | 15-495-034-5120-068           | 7/1/14-6/30/15 | 29,472       | (8,439)                          |                |                  | 26,859        | 29,472                 |   | (2,613)               |                  |                |                 | 29,472                             |
| Security Aid   | 14-495-034-5120-068           | 7/1/13-6/30/14 | 29,472       |                                  |                |                  | 8,439         |                        |   |                       |                  |                |                 |                                    |
| School Choice Aid  | 15-495-034-5120-014           | 7/1/14-6/30/15 | 11,589       | (1,106)                          |                |                  | 10,562        | 11,589                 |   | (1,027)               |                  |                |                 | 11,589                             |
| School Choice Aid  | 14-495-034-5120-014           | 7/1/13-6/30/14 | 11,589       |                                  |                |                  | 1,106         |                        |   |                       |                  |                |                 |                                    |
| Transportation Aid   | 15-495-034-5120-085           | 7/1/14-6/30/15 | 14,736       |                                  |                |                  | 13,410        | 14,736                 |   | (1,306)               |                  |                |                 | 14,736                             |
| Transportation Aid   | 14-495-034-5120-085           | 7/1/13-6/30/14 | 14,736       |                                  |                |                  | 13,410        |                        |   |                       |                  |                |                 |                                    |
| PARCC Readiness Aid  | 15-495-034-5120-098           | 7/1/14-6/30/15 | 10,290       |                                  |                |                  | 9,377         | 10,290                 |   | (913)                 |                  |                |                 | 10,290                             |
| PARCC Readiness Aid  | 14-495-034-5120-097           | 7/1/13-6/30/14 | 10,290       |                                  |                |                  | 9,377         |                        |   | (913)                 |                  |                |                 | 10,290                             |
| Per Pupil Growth Aid   | 15-100-034-5120-473           | 7/1/14-6/30/15 | 211,473      | (65,033)                         |                |                  | 65,713        | 680                    |   | (210,793)             |                  |                |                 | 210,793                            |
| Extraordinary Aid  | 14-100-034-5120-473           | 7/1/13-6/30/14 | 65,033       |                                  |                |                  | 510,275       | 680                    |   |                       |                  |                |                 | 680                                |
| On-Behalf TPAF Pension Contributions   | 15-495-034-5094-006           | 7/1/14-6/30/15 | 36,712       |                                  |                |                  | 36,712        | 510,275                |   |                       |                  |                |                 | 510,275                            |
| On-Behalf TPAF Non-Contributory Insurance Contributions  | 15-495-034-5094-007           | 7/1/14-6/30/15 | 868,342      |                                  |                |                  | 868,342       | 868,342                |   |                       |                  |                |                 | 868,342                            |
| On-Behalf TPAF Post Retirement Contributions   | 15-495-034-5094-001           | 7/1/14-6/30/15 | 789,656      |                                  |                |                  | 749,334       | 789,656                |   | (40,322)              |                  |                |                 | 789,656                            |
| Reimbursed TPAF Social Security Contributions  | 15-495-034-5094-003           | 7/1/14-6/30/15 | 770,816      | (13,245)                         |                |                  | 3,397,755     | 3,560,545              |   | (352,545)             |                  |                | 40,322          | 3,560,545                          |
| Reimbursed TPAF Social Security Contributions  | 14-495-034-5094-002           | 7/1/13-6/30/14 | 770,816      |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Total General Fund   |                               |                |              | (189,735)                        |                |                  | 3,397,755     | 3,560,545              |   | (352,545)             |                  |                | 40,322          | 3,560,545                          |
| <b>Special Revenue Fund</b>  |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| NI Nonpublic Aid   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Textbook Aid   | 15-100-034-5120-064           | 7/1/14-6/30/15 | 9,533        |                                  | 2,085          |                  | 9,533         | 7,518                  | (2,085)                                       |                       | \$ 2,015         |                |                 | 7,518                              |
| Textbook Aid   | 14-100-034-5120-064           | 7/1/13-6/30/14 | 6,911        |                                  |                |                  | 14,702        | 9,295                  | 2,625   |                       |                  |                |                 | 9,295                              |
| Nursing Aid  | 15-100-034-5120-070           | 7/1/14-6/30/15 | 5,120        |                                  |                |                  | 5,120         | 3,864                  |   |                       |                  |                |                 | 3,864                              |
| Technology Aid   | 15-100-034-5120-373           | 7/1/14-6/30/15 | 2,520        |                                  | 119            |                  |               | 264                    |   |                       |                  |                |                 | 264                                |
| Technology Aid   | 14-100-034-5120-373           | 7/1/13-6/30/14 | 2,520        |                                  | 1              |                  |               | (1)                    |   |                       |                  |                |                 |                                    |
| Technology Aid   | 13-100-034-5120-373           | 7/1/12-6/30/13 | 2,520        |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Auxiliary Services   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Compenutory Education  | 15-100-034-5120-067           | 7/1/14-6/30/15 | 8,958        |                                  | 1,712          |                  | 8,958         | 6,271                  | (1,712)                                       |                       | 2,687            |                |                 | 6,271                              |
| Compenutory Education  | 14-100-034-5120-067           | 7/1/13-6/30/14 | 8,360        |                                  | 873            |                  |               |                        | (873)   |                       |                  |                |                 |                                    |
| ESL  |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Handicapped Services   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Examination and Classification   | 15-100-034-5120-066           | 7/1/14-6/30/15 | 23,598       |                                  | 9,867          |                  | 23,598        | 14,779                 | (9,867)                                       |                       | 8,819            |                |                 | 14,779                             |
| Examination and Classification   | 14-100-034-5120-066           | 7/1/13-6/30/14 | 28,345       |                                  |                |                  | 6,361         | 6,361                  | (6,361)                                       |                       |                  |                |                 | 6,361                              |
| Conversive Speech  | 15-100-034-5120-066           | 7/1/14-6/30/15 | 8,593        |                                  | 3,828          |                  | 9,416         | 6,592                  | (3,828)                                       |                       | 2,824            |                |                 | 6,592                              |
| Conversive Speech  | 14-100-034-5120-066           | 7/1/13-6/30/14 | 9,416        |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Supplemental Instruction   | 15-100-034-5120-066           | 7/1/14-6/30/15 | 8,326        |                                  | 1,112          |                  |               |                        | (1,112)                                       |                       |                  |                |                 |                                    |
| Supplemental Instruction   | 14-100-034-5120-066           | 7/1/13-6/30/14 | 8,326        |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Total Special Revenue Fund   |                               |                |              |                                  | 19,597         |                  | 77,688        | 54,680                 | (16,589)                                      |                       | 26,016           |                |                 | 54,680                             |
| <b>Debt Service Fund</b>   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Debt Service Fund  | 15-495-034-5120-017           | 7/1/14-6/30/15 | 412,006      |                                  |                |                  | 412,006       | 412,006                |   |                       |                  |                |                 | 412,006                            |
| Debt Service Aid - Type II   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Total Debt Service Fund  |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| <b>Enterprise Fund</b>   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| State School Lunch Program   | 15-100-010-3330-023           | 7/1/14-6/30/15 | 5,409        | (343)                            |                |                  | 5,071         | 5,409                  |   | (338)                 |                  |                | 338             | 5,409                              |
| State School Lunch Program   | 14-100-010-3330-023           | 7/1/13-6/30/14 | 5,573        |                                  |                |                  | 343           |                        |   |                       |                  |                |                 |                                    |
| Total Enterprise Fund  |                               |                |              | (343)                            |                |                  | 5,414         | 5,409                  |   | (338)                 |                  |                | 338             | 5,409                              |
| Total State Awards   |                               |                |              | (190,078)                        |                | 19,597           | 3,892,843     | 4,032,640              | (16,589)                                      | (332,883)             |                  | \$ 26,016      | \$ 40,660       | 4,032,640                          |
| <b>Less:</b>   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| On-Behalf Assistance Not Included in Single Audit and Major Program Determination                    |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| TPAF Pension Contributions   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| TPAF Non-Contributory Insurance Contributions  |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| TPAF Post Retirement Medical Contributions   |                               |                |              |                                  |                |                  |               |                        |   |                       |                  |                |                 |                                    |
| Total State Financial Assistance Subject to Single Audit and Major Program Determination Calculation |                               |                |              |                                  |                |                  | \$ 2,477,514  | \$ 2,617,311           |   |                       |                  |                |                 |                                    |

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$135,733 for the general fund and an increase of \$22,075 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               | \$ 48,652         | \$ 3,424,812        | \$ 3,473,464        |
| Special Revenue Fund       | 587,491           | 59,412              | 646,903             |
| Debt Service Fund          |                   | 412,006             | 412,006             |
| Food Service Fund          | <u>235,404</u>    | <u>5,409</u>        | <u>240,813</u>      |
| Total Financial Assistance | <u>\$ 871,547</u> | <u>\$ 3,901,639</u> | <u>\$ 4,773,186</u> |

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$789,656 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$546,987 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$868,342 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*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) Significant deficiencies identified that are not considered to be material weakness(es)?      yes   X   none reported

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

**Federal Awards Section**

Internal Control over major programs:

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

2) 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 section .510(a) of Circular A-133?      yes   X   no

Identification of major federal programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.027                | IDEA Basic                                |
| 84.173                | IDEA Preschool                            |
| 84.010                | Title I                                   |
|                       |   |
|                       |   |

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

Auditee qualified as low-risk auditee?      yes   X   no



**TOWN OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Part 2 – Schedule of Financial Statement Findings*

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

**Finding 2015-001:**

Our audit indicated that the salary of the district's athletic director was charged to the School Sponsored Co-Curricular Activities budget line item, rather than to School Administration. In addition, certain expenditures for travel were coded to object code '585' rather than to the required '580' object code.

**Criteria or specific requirement:**

The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition and NJAC 6A-23.2.2(f).

**Condition:**

Line item account determinations were not being carefully reviewed and/or monitored, which resulted in certain misclassifications.

**Context:**

The District misclassified \$116,566 of a salary in General Fund. Also, certain travel reimbursements were misclassified in General Fund.

**Effect:**

Certain budgetary expenditures are not classified in accordance with the State of NJ Uniform Minimum Chart of Accounts.

**Cause:**

Unknown.

**Recommendation:**

The District should reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools and other available reference materials, to ensure for the proper classifications of expenditures required to be in compliance with New Jersey Administrative Code.

**View of Responsible Officials and Planned Corrective Action Plan:**

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

**TOWN OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**TOWN OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

**Finding 2015-002:**

Our audit indicated that the salary of the district's athletic director was charged to the School Sponsored Co-Curricular Activities budget line item, rather than to School Administration. In addition, certain expenditures for travel were coded to object code '585' rather than to the required '580' object code.

**Information on the State Program**

|                     |                       |                     |                      |
|---------------------|-----------------------|---------------------|----------------------|
| 15-495-034-5120-089 | Special Education Aid | 15-495-034-5120-078 | Equalization Aid     |
| 15-495-034-5120-084 | Security Aid          | 15-495-034-5120-068 | School Choice Aid    |
| 15-495-034-5120-098 | PARCC Readiness Aid   | 15-495-034-5120-097 | Per Pupil Growth Aid |

**Criteria or specific requirement:**

State Aid Grant Compliance Supplement – State Aid Public

**Condition:**

Line item account determinations were not being carefully reviewed and/or monitored, which resulted in certain misclassifications.

**Questioned Costs:**

None

**Context:**

The District misclassified \$116,566 of a salary in General Fund. Also, certain travel reimbursements were misclassified in General Fund.

**Effect:**

Certain budgetary expenditures are not classified in accordance with the State of NJ Uniform Minimum Chart of Accounts.

**Cause:**

Unknown.

**Recommendation:**

The District should reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools and other available reference materials, to ensure for the proper classifications of expenditures required to be in compliance with New Jersey Administrative Code.

**View of Responsible Officials and Planned Corrective Action Plan:**

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

**TOWN OF BOONTON SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2014-001**

Goods and services procured through the use of state contracts and other cooperative purchasing programs were not always approved by the Board.

**Current Status**

Corrective action was taken.

**Finding 2014-002**

Students and/or service reported on the Application for State School Aid (A.S.S.A.) were not always in agreement with supporting workpapers.

**Current Status**

Corrective action was taken.