

SCHOOL DISTRICT
OF
BOONTON TOWNSHIP

Boonton Township School District
Board of Education
Boonton Township, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

Comprehensive Annual
Financial Report

of the

Boonton Township School District
Board of Education

Boonton Township, New Jersey

For Fiscal Year Ended June 30, 2011

Prepared by

Boonton Township School District
Board of Education

BOONTON TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

BOONTON TOWNSHIP BOARD OF EDUCATION

11 VALLEY ROAD
BOONTON TOWNSHIP, NJ 07005

Dr. Thomas F. Butler
Interim Superintendent/Principal
Voice (973) 334-4162

John T. Murray II
School Business Administrator/Board Secretary
Fax (973) 334-0035

August 2, 2011

The Honorable President and Members
of the Board of Education
Boonton Township School District
County of Morris, New Jersey

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Boonton Township School District (the "District") for the fiscal year ended June 30, 2011 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 Boonton Township Board of Education (the "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 organizational chart and a list of principal officials. The financial section includes The Independent Auditors' Report, the management's discussion and analysis, the 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 Nonprofit Organizations*, and the New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' 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 ITS SERVICES:** Boonton Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 14. All funds of the District are included in this report. The Boonton Township Board of Education and its school constitute the District's reporting entity.

The Boonton Township Board of Education is a Type II Board administered by a superintendent and business administrator. Boonton Township has only one public school, known as Rockaway Valley School, which provided learning opportunities for 514 children during the 2010/2011 school year in grades K-8 with two special education preschool programs. The District is in a sending/receiving relationship with Mountain Lakes Board of Education to provide educational services for their high school students. There were 288 Boonton Township High School students attending Mountain Lakes High School during 2010/2011.

The Honorable President and Members
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Boonton Township School District
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A full range of educational services and curriculum appropriate to the elementary grade levels is available at Rockaway Valley School. Regular programs as well as special education for the special needs youngsters are readily provided. The District completed the 2010/2011 fiscal year with an average enrollment of 802 students (which includes the high school students) which is 7 students or 0.87% less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last several years:

Fiscal Year	Average Enrollment	
	Enrollment	Change
2010/2011	802	-0.87%
2009/2010	809	2.93%
2008/2009	786	-1.63%
2007/2008	799	0.88%
2006/2007	792	-0.13%
2005/2006	793	0.25%
2004/2005	791	-1.25%
2003/2004	801	1.91%
2002/2003	786	8.26%
2001/2002	726	3.71%

2. **ECONOMIC CONDITION AND OUTLOOK:** Boonton Township is a suburban community with a District Factor Group rating of I. It was founded in 1867, partially on land once owned by William Penn. The Township was once famous for its electronics industry, having been the home for Johanson Manufacturing Corp., still in existence today; Radio Frequency Laboratories and its hangar and flying field, and the Aircraft Radio Corp. Electronics played a large part in the history of the Township's World War II hero, General Jimmy Doolittle, who made the first "blind" aircraft landing at Mitchell Field using the company's radio equipment in 1929.

The population of Morris County continues to grow and Boonton Township's growth has slowed a bit in comparison to the County average. Boonton Township's population in 2000 was 4,283. In 2010, the census showed that the population was 4,263 or a decrease of -0.47%. The County growth during the same time frame was 4.7%. The Township labor force equals 2,402 people and 2,220 are employed. The unemployment rate being 7.6% compared to the County average of 10.1%.

3. **MAJOR INITIATIVES:** Rockaway Valley School maintains a welcoming and nurturing environment for all students. We believe that students must continue to strive toward high academic standards that are aligned with the New Jersey Core Curriculum standards. There is an emphasis on infusing technology in the classroom, a focus on improving teaching strategies in all academic areas, and upgrading the physical plant over the next several years. New science, math, social studies, world language, and literacy programs were implemented in the past few years and teachers will continue expanding these programs. In addition, teachers were trained on implementing a new in-class support model and in-depth literacy assessment. This effort will also continue this year.

In order to prepare students for 21st Century learning, 10 macBooks; an iPad2 cart containing 24 iPad2's along with five additional iPads for special education teachers were purchased to enable students in Grades 5-8 to engage in more technology-based projects. Laptop computers are often used in conjunction with the SMART Boards that are in every classroom. A representative from Apple will be conducting an iPad presentation to staff to further demonstrate use of the iPads.

The Honorable President and Members
of the Board of Education
Boonton Township School District
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August 2, 2011

As in past years new books, including teacher resource materials, were purchased for the library/media center. Additional books and novels were purchased for the classrooms. All computers were upgraded for staff and student use. A wireless network is maintained to provide mobile computing and interactive instruction.

Over the past few years there has been an increasing emphasis at RVS on fostering a climate of respect for individual student differences. As such the staff has focused on identifying and correcting behaviors that might be considered "bullying" in nature. The staff will continue to focus this year on fostering a climate of respect and student awareness of the harmful effects of bullying type behavior. This renewed effort is aligned with the new State initiatives on Harassment/Intimidation/ and Bullying (HIB.) The newly adopted Board Policy is referenced in the parent, staff, and student handbooks for 2011-12 and is also posted on the school's website. Finally, a major theme on developing "Respect for All" along with a zero tolerance for any bullying type behaviors will rolled out for the students during a State mandated "Week of Respect" in early October.

Rockaway Valley School's 2010-11 objectives were partially achieved. The amount of special education students receiving proficient or advanced proficient scores in the Language Arts Literacy section of the NJASK 7 increased by 3% as compared to the previous year's Language Arts Literacy NJ ASK 6 for this grade. This is quite an achievement as this goal was not attained in the previous 2009-10 school year. The target goal of 85% of 6th grade students developing and passing a multimedia presentation was surpassed as 100% of these students met success. Our goal of decreasing 7th and 8th grade discipline points by 10% was not met as there had been isolated incidents which warranted issuance of greater amount of points by administration. This goal will be targeted for the 2011-2012 school year again. Finally, the goal to increase NJ ASK 8 math scores to be 81% proficient or advanced proficient was missed by 4 percentage points. This goal will also be reinstated for 2011-2012.

Several health and safety facility items were addressed during the 2010-11 school year. One of the district's two boilers developed water leaks which required extensive repairs to return it to operational status. In addition, 4 traffic control roadway gates were installed to improve the safety of students while loading and unloading buses. Moveable walkway barriers were installed along the school's entrance road to separate pedestrian and automobile traffic. An aging special education bus was replaced with a new model equipped with an electric wheelchair lift. The vehicle was partially funded through federal ARRA funds. ARRA funds were also used to install an electric handicap door closure on an existing exit door in improve accessibility.

The Long Range Facilities Plan which is required by the State was updated in October 2005 and received the state's final approval. This effort identified specific areas in which capital projects will be developed over the next several years.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

The Honorable President and Member
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Boonton Township School District
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As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2011.

6. **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 Basic Financial Statements", Note 1.

7. **DEBT ADMINISTRATION**: At June 30, 2011, the District's outstanding debt issues included \$2,093,000 of general obligation bonds and \$50,834 of obligations under capital leases.

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

9. **RISK MANAGEMENT**: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found on Exhibit J-20.

10. **OTHER INFORMATION**: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

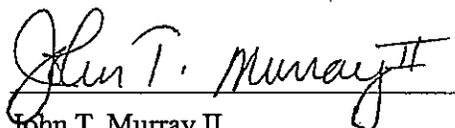
The Honorable President and Member
of the Board of Education
Boonton Township School District
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August 2, 2011

11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Boonton Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Dr. Thomas F. Butler
Interim Superintendent

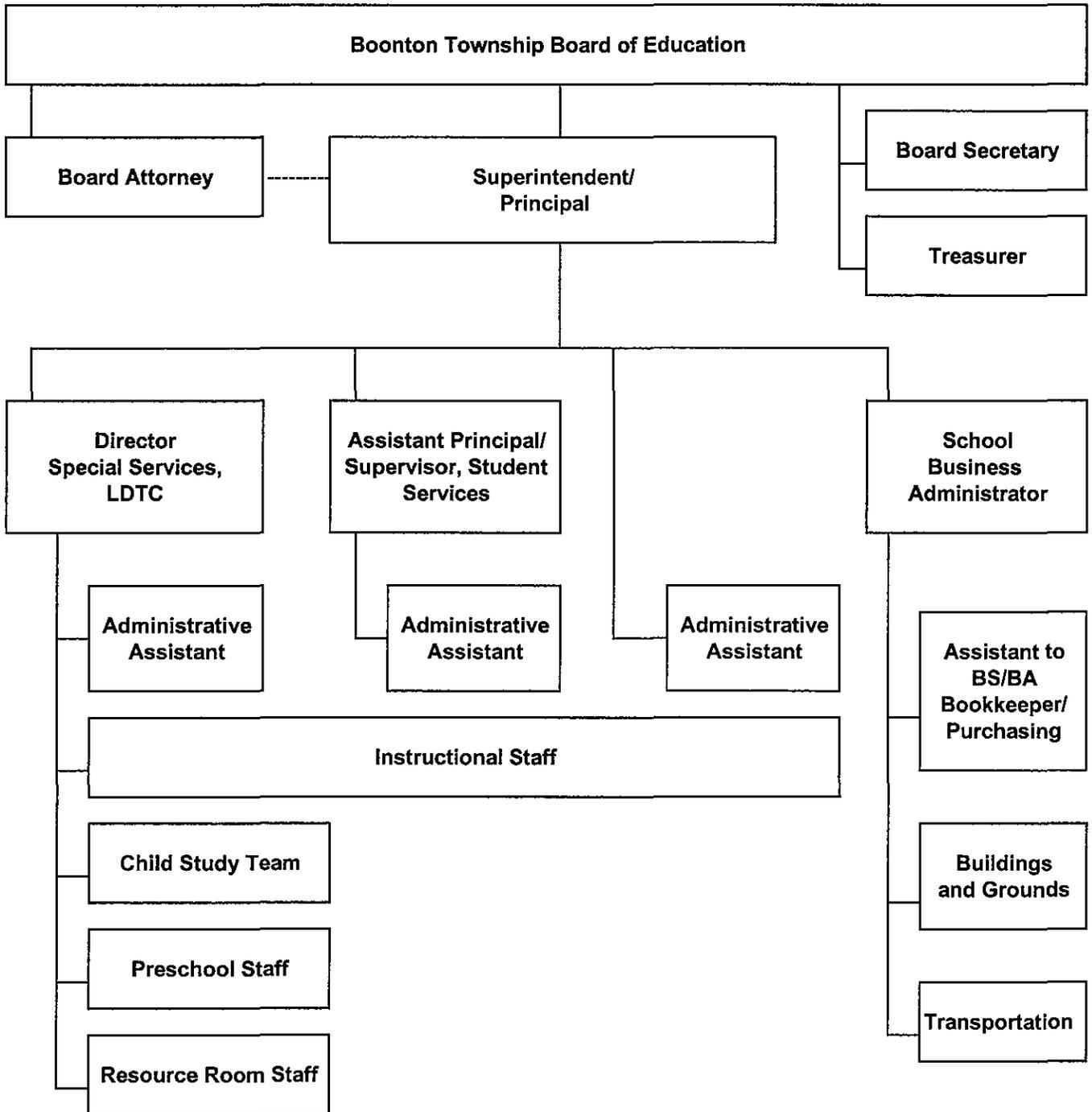


John T. Murray II
Business Administrator/Board Secretary

BOONTON TOWNSHIP BOARD OF EDUCATION
Boonton Township, New Jersey 07005
EXHIBIT

File Code 2121E

Boonton Township Board of Education
Organization Chart



Approved: May 2, 2006

BOONTON TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barry Brantner, President	2013
Patricia Collins, Vice President	2013
Giorgio Benvovato	2012
Christine Cabana	2014
Adrienne Charlton	2013
William Dodéro	2012
John Sierchio	2012
Jennifer Sowa	2014
Katherine Youngman	2014

<u>Other Officials</u>	<u>Title</u>
Dr. Roseann Humphrey	Superintendent/Principal (Retired 06/30/11)
Dr. Thomas F. Butler	Interim Superintendent/Principal (Effective 08/01/11)
John T. Murray II, RSBA	School Business Administrator/Board Secretary
Norman M. Eckstein	Treasurer of School Monies
Ann Marie Hodges	Interim Assistant Principal (Retired 06/30/11)
Corde Reed	Director of Special Services, LDTC
Matthew J. Giacobbe	School Board Attorney

BOONTON TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors
Year Ended June 30, 2011

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Attorney

Matthew J. Giacobbe, Esq.
Cleary Giacobbe Alfieri Jacobs, LLC
7 James Street
Florham Park, NJ 07932

Architect

GA Architect
P.O. Box 13
Glen Ridge, NJ 07028

Official Depositories

Bank of America
Powerville Road
Boonton Township, NJ 07005

State of New Jersey, Cash Management Fund
Morgan Stanley Trust
Harborside Financial Center, Plaza Two
Jersey City, NJ 07311-3977

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Boonton Township School District
 County of Morris, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Boonton Township School District in the County of Morris as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Boonton Township School District in the County of Morris as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, there of for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2011 on our consideration of the Board of Education of the Boonton Township 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 the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Boonton Township School District
Page 2

The Management's Discussion and Analysis and Budgetary Comparison Information on schedules C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Boonton Township School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

August 2, 2011
Mount Arlington, New Jersey

NISIVOCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION -
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management Discussion and Analysis
For Fiscal Year Ended June 30, 2011
(Unaudited)**

This section of Boonton Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status is improved by approximately \$600,000 on a district-wide basis and over \$300,000 of that was within the General Fund, in spite of reduced state aid for several years.
- Overall revenue was \$12.88 million.
- Actual General Fund revenue (net of TPAF Pension and Social Security) was over \$191,738 higher than expected, primarily in extraordinary state aid and non public transportation.
- Enrollment in the District decreased in 2010/2011; however, cost per pupil remains relatively stable.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of Boonton Township School District's Financial Report

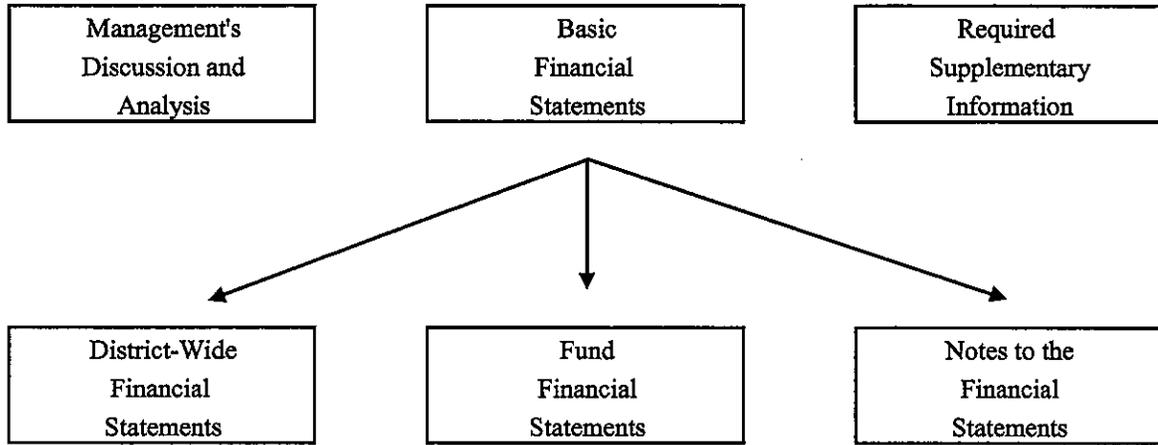


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

Fund Financial Statements				
	District-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses; food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenue, Expenditures, and Changes in Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Fiduciary Net Assets
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is Received or Paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All Revenue and Expenses during the year, regardless of when cash is received or paid	All Additions and Deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's net assets are shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's net assets for 2010/2011 is \$94,122. This same amount is also factored in as an expense in these financial statements.

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
	Current and Other Assets	\$ 1,013,546	\$ 724,700	\$ 38,001	\$ 41,768	\$ 1,051,547	\$ 766,468
Capital Assets	518,362	554,293	410	821	518,772	555,114	-6.55%
Total Assets	1,531,908	1,278,993	38,411	42,589	1,570,319	1,321,582	18.82%
Long-Term Debt Outstanding	2,499,945	2,798,489			2,499,945	2,798,489	-10.67%
Other Liabilities	112,875	150,582			112,875	150,582	-25.04%
Total Liabilities	2,612,820	2,949,071			2,612,820	2,949,071	-11.40%
Net Assets:							
Invested in Capital Assets,							
Net of Related Debt/(Deficit)	(1,574,638)	(1,808,707)	410	821	(1,574,228)	(1,807,886)	12.92%
Restricted	318,345	202,767			318,345	202,767	57.00%
Unrestricted/(Deficit)	175,381	(64,138)	38,001	41,768	213,382	(22,370)	1053.88%
Total Net Assets	\$ (1,080,912)	\$ (1,670,078)	\$ 38,411	\$ 42,589	\$ (1,042,501)	\$ (1,627,489)	35.94%

Changes in net assets. The District's combined net assets were \$(1,042,501) on June 30, 2011, \$584,988 or 35.94% higher than the year before. (See Figure A-3). The depreciation factored into the net assets of the District as a negative number is \$94,122. The net assets of the business-type activities decreased \$4,178 or 9.81% (see Figure A-4).

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenue:							
Program Revenue:							
Charges for Services			\$ 14,636	\$ 14,584	\$ 14,636	\$ 14,584	0.36%
Operating Grants and Contributions	\$ 1,174,124	\$ 1,593,199			1,174,124	1,593,199	-26.30%
General Revenue:							
Property Taxes	11,538,729	10,937,803			11,538,729	10,937,803	5.49%
Federal and State Aid	62,818	72,226			62,818	72,226	-13.03%
Other	87,999	36,724			87,999	36,724	139.62%
Total Revenue	12,863,670	12,639,952	14,636	14,584	12,878,306	12,654,536	1.77%
Expenses:							
Instruction	4,591,810	4,599,557			4,591,810	4,599,557	-0.17%
Tuition	4,770,992	4,857,452			4,770,992	4,857,452	-1.78%
Pupil & Instruction Services	681,365	670,741			681,365	670,741	1.58%
Administrative and Business	912,110	914,662			912,110	914,662	-0.28%
Maintenance & Operations	671,785	641,801			671,785	641,801	4.67%
Transportation	455,069	568,776			455,069	568,776	-19.99%
Other	191,373	223,411	18,814	8,533	210,187	231,944	-9.38%
Total Expenses	12,274,504	12,476,400	18,814	8,533	12,293,318	12,484,933	-1.53%
Increase/(Decrease) in Net Assets	\$ 589,166	\$ 163,552	\$ (4,178)	\$ 6,051	\$ 584,988	\$ 169,603	-244.92%

Revenue Sources. The District's total revenue for the 2010/2011 school year was \$12,878,306. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$11,538,729 of the total, or 89.60%. (See Figure A-5). Another 9.60% came from state and federal aid for specific programs and the remainder from miscellaneous sources. It is important to note that of the Categorical Grants amount of \$1,022,957, there is \$241,849 included in funds that are not paid to the District for Non-Contributory Insurance and Post Retirement Medical Benefits that the State of New Jersey is paying on behalf of the District. Boonton Township School District conducts its operations from the revenues it receives from its local taxpayers.

Figure A-5
Sources of Revenue for Fiscal Year 2011

Sources of Income	Amount	Percentage
State Formula Aid	\$ 213,985	1.66%
Property Taxes	11,538,729	89.60%
Federal and State Categorical Grants	1,022,957	7.94%
Charges for Services	14,636	0.11%
Other	87,999	0.68%
	<u>\$ 12,878,306</u>	<u>100.00%</u>

The total cost of all programs and services was \$12,293,318. The District's expenses are predominantly related to instructing, tuition, caring for (pupil services) and transporting students (85.40%). (See Figure A-6). The District's administrative and business activities accounted for 7.42% of total costs.

Figure A-6
Expenses for Fiscal Year 2011

Expense Category	Amount	Percentage
Instruction	\$ 4,591,810	37.35%
Tuition	4,770,992	38.81%
Pupil & Instruction Services	681,365	5.54%
Administrative and Business	912,110	7.42%
Maintenance & Operations	671,785	5.47%
Transportation	455,069	3.70%
Other	210,187	1.71%
	<u>\$ 12,293,318</u>	<u>100.00%</u>

Expenditures for 2010/2011 included salaries and benefits for employees which were approximately 49.49% of the total budget. Out-of-district tuition costs for special education placements and for students sent to Mountain Lakes High School grades 9 through 12 accounted for about 36.75% of the total budget. Administrative and Business functions included costs for the district's legal, professional and auditing fees, liability insurance, telephone, postage, technology and internet costs, environmental testing, election expenses and adjustments to fixed assets.

Operations and maintenance expenses of approximately 5.14% included costs for the upkeep and maintenance of the facility including cleaning, landscaping and maintenance contracts, pest control, utilities and property insurance. Improvement projects for 2010/2011 included Classroom cabinetry replacement in the Pre-school Handicap classroom. In addition two pedestrian walkways were added at the front and rear of the school to improve the safety of students who walk to school.

Transportation costs for regular and special education to and from Rockaway Valley School, Mountain Lakes High School and out-of-district special education placements. The District is also responsible for the transportation costs or the payment of "aid-in-lieu" of transportation for non-public students who reside within the District. The total transportation costs were about 3.93%.

Additionally, Special Revenue Fund expenditures from state and federal sources in the amount of \$257,224 and debt service payments for bond principal and interest totaling \$365,347 were paid in 2010/2011.

The 2010/2011 budget is reflective of the District's desire to provide its students and staff with the best opportunities, in a safe learning environment while being responsible to its taxpayers. Through careful budgeting, prudent planning and internal controls, the use of cooperative purchasing, shared services with Boonton Township and other school districts in areas such as facility services, vehicle maintenance and technology, the District has been successful in maximizing its available resources.

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved by approximately \$600,000 on a district-wide basis and over \$300,000 of that was within the General Fund, in spite of reduced state aid for several years. Maintaining existing programs with increased regular pupil enrollment and the provision of a multitude of special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year were:

- A significant number of special needs pupils continue to be educated in programs within the District rather than being sent out-of-District whereby the District would have to pay tuition as well as increased transportation costs. Boonton Township has been cited for its inclusion programs.
- Boonton Township is maximizing its joint purchasing/cooperative agreements. We currently jointly purchase supplies (teaching, custodial, etc.), and insurances (health, property/casualty). It also participates in an energy purchasing consortium (ACES) and a telecommunication services consortium (ACTS).

It is crucial that the District examine its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly. District resources are at their tightest level in a decade.

Figure A-7 presents the cost of seven major District activities: instruction, tuition, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7
Net Cost of Governmental Activities

	Total		Net	
	Cost of Services		Cost of Services	
	2011	2010	2011	2010
Instruction	\$ 4,591,810	\$ 4,599,557	\$ 3,717,007	\$ 3,487,217
Tuition	4,770,992	4,857,452	4,614,517	4,707,065
Pupil & Instruction Services	681,365	670,741	648,115	665,228
Administrative and Business	912,110	914,662	875,153	877,464
Maintenance & Operations	671,785	641,801	671,785	641,801
Transportation	455,069	568,776	382,430	281,015
Other	191,373	223,411	191,373	223,411
Total	\$ 12,274,504	\$ 12,476,400	\$ 11,100,380	\$ 10,883,201

- The cost of all governmental activities this year was \$12.27 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$1,174,124).
- Most of the District's costs, however, were financed by District taxpayers (\$11.54 million).
- A portion of governmental activities was financed with \$131,514 in state aid.
- The remainder of the funding came from miscellaneous revenue and investment earnings (\$87,999).

Business-Type Activities

Net assets from the District's business-type activity decreased by \$4,178, primarily due to purchases of additional lunch room tables and various other lunch room equipment (refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position remains relatively stable despite significant budget reductions, difficult economic times, and changes in student population. A relatively stable regular enrollment over the last several years has required the District to expand its classroom teaching staff. The cost of these additional teachers, plus benefits, has been a strain on our budget but is necessitated to maintain class sizes at acceptable levels.

Difficult economic times have had a direct impact upon the District's revenue sources. Interest from investments was significantly lower than in prior years. The District has also reduced its level of using surplus to reduce the tax levy. As overall revenue for the District is strained, the amount of funds generated for this purpose likewise decreases. The ratables in the municipality of the District have not significantly changed, thus generating concern for the local tax levy in the future.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
Buildings & Improvements	\$ 206,406	\$ 256,551			\$ 206,406	\$ 256,551	-19.55%
Machinery and Equipment	311,956	297,742	\$ 410	\$ 821	312,366	298,563	4.62%
Total	\$ 518,362	\$ 554,293	\$ 410	\$ 821	\$ 518,772	\$ 555,114	-6.55%

During the fiscal year, the District acquired \$57,780 in equipment and depreciated \$94,122 of its capital assets.

Long-Term Debt

At year-end, the District had \$2,499,945 in general obligation bonds and other long-term debt outstanding – a reduction of \$298,544 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-9

Outstanding Long-Term Debt

	Total School District		Total Percentage Change
	2011	2010	2010-2011
General Obligation Bonds (Financed with Property Taxes)	\$ 2,093,000	\$ 2,363,000	-11.43%
Other Long Term Debt	406,945	435,489	-6.55%
Total	<u>\$ 2,499,945</u>	<u>\$ 2,798,489</u>	-10.67%

- The District continued to pay down its debt, retiring \$270,000 of general obligation bonds, \$24,099 of Capital Leases and \$16,229 of ERIP obligations.
- The District also had a net increase in Compensated Absences payable of \$11,784.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was in a good financial position. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable undesignated general fund balance to 2%. This leaves the District with very little protection in the event of costly emergencies. This law also placed limits on the District's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed and the ability to transfer available funds between appropriation accounts.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 11 Valley Road, Boonton Township, New Jersey 07005.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 619,141	\$ 38,001	\$ 657,142
Receivables from Federal Government	43,349		43,349
Receivables from State Government	219,830		219,830
Restricted Assets:			
Capital Reserve Account - Cash	48,226		48,226
Tuition Reserve Account - Cash	83,000		83,000
Capital Assets, Net	<u>518,362</u>	<u>410</u>	<u>518,772</u>
Total Assets	<u>1,531,908</u>	<u>38,411</u>	<u>1,570,319</u>
LIABILITIES			
Accounts Payable - Vendors	101,792		101,792
Interfund Payable	10,000		10,000
Deferred Revenue	1,083		1,083
Noncurrent Liabilities:			
Due Within One Year	311,196		311,196
Due Beyond One Year	<u>2,188,749</u>		<u>2,188,749</u>
Total Liabilities	<u>2,612,820</u>		<u>2,612,820</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt/(Deficit)	(1,574,638)	410	(1,574,228)
Restricted for:			
Capital Projects	48,226		48,226
Debt Service	23		23
Other Purposes	270,096		270,096
Unrestricted	<u>175,381</u>	<u>38,001</u>	<u>213,382</u>
Total Net Assets	<u>\$ (1,080,912)</u>	<u>\$ 38,411</u>	<u>\$ (1,042,501)</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

**BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenue			Net Expense and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,694,191		\$ 383,128	\$ (3,311,063)		\$ (3,311,063)
Special Education	688,188		470,773	(217,415)		(217,415)
Other Special Instruction	119,726		12,288	(107,438)		(107,438)
School Sponsored/Other Instruction	89,705		8,614	(81,091)		(81,091)
Support Services:						
Tuition	4,770,992		156,475	(4,614,517)		(4,614,517)
Student & Instruction Related Services	681,365		33,250	(648,115)		(648,115)
General Administrative Services	296,719			(296,719)		(296,719)
School Administrative Services	368,135		36,957	(331,178)		(331,178)
Central Services	208,352			(208,352)		(208,352)
Administration Information Technology	38,904			(38,904)		(38,904)
Plant Operations and Maintenance	671,785			(671,785)		(671,785)
Pupil Transportation	455,069		72,639	(382,430)		(382,430)
Unallocated Depreciation	73,484			(73,484)		(73,484)
Capital Outlay	16,482			(16,482)		(16,482)
Interest on Long-Term Debt	101,407			(101,407)		(101,407)
Total Governmental Activities	12,274,504		1,174,124	(11,100,380)		(11,100,380)
Business-Type Activities:						
Food Service	18,814	\$ 14,636			\$ (4,178)	(4,178)
Total Business-Type Activities	18,814	14,636			(4,178)	(4,178)
Total Primary Government	\$ 12,293,318	\$ 14,636	\$ 1,174,124	\$ (11,100,380)	\$ (4,178)	\$ (11,104,558)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 11,230,140		\$ 11,230,140
Taxes Levied for Debt Service				308,589		308,589
Federal and State Aid Not Restricted				62,818		62,818
Interest Earned on Capital Reserve Funds				13		13
Miscellaneous Income				87,986		87,986
Total General Revenue				11,689,546		11,689,546
Change in Net Assets				589,166	\$ (4,178)	584,988
Net Assets - Beginning/(Deficit)				(1,670,078)	42,589	(1,627,489)
Net Asset - Ending/(Deficit)				\$ (1,080,912)	\$ 38,411	\$ (1,042,501)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

BOONTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 619,118		\$ 23	\$ 619,141
Receivables From Federal Government	5,141	\$ 38,208		43,349
Receivables From State Government	219,830			219,830
Interfund Receivable	21,779			21,779
Restricted Cash and Cash Equivalents	131,226			131,226
Total Assets	\$ 997,094	\$ 38,208	\$ 23	\$ 1,035,325
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	\$ 86,446	\$ 15,346		\$ 101,792
Interfund Payable	10,000	21,779		31,779
Deferred Revenue		1,083		1,083
Total Liabilities	96,446	38,208		134,654
Fund Balances:				
Restricted:				
Capital Reserve	48,226			48,226
Tuition Reserve	83,000			83,000
Excess Surplus	115,607			115,607
Debt Service Fund			\$ 23	23
Assigned:				
Year-End Encumbrances	71,489			71,489
Designated for Subsequent Year's Expenditures	150,000			150,000
Unassigned:				
General Fund	432,326			432,326
Total Fund Balances	900,648		23	900,671
Total Liabilities and Fund Balances	\$ 997,094	\$ 38,208	\$ 23	\$ 1,035,325

Amounts Reported for *Governmental Activities* in the Statement of
Net Assets (A-1) are Different Because:

Total Fund Balances from Above	\$ 900,671
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,702,215, and the accumulated depreciation is \$2,183,853.	518,362
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.	(2,499,945)
Net Assets of Governmental Activities	\$ (1,080,912)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 11,230,140		\$ 308,589	\$ 11,538,729
Interest Earned on Capital Reserve Funds	13			13
Miscellaneous	87,986			87,986
Total - Local Sources	11,318,139		308,589	11,626,728
State Sources	883,210		62,818	946,028
Federal Sources	23,763	\$ 267,151		290,914
Total Revenue	12,225,112	267,151	371,407	12,863,670
EXPENDITURES:				
Current:				
Regular Instruction	2,612,338			2,612,338
Special Education Instruction	434,632	65,144		499,776
Other Special Instruction	83,415			83,415
School Sponsored/Other Instruction	64,728			64,728
Support Services and Undistributed Costs:				
Tuition	4,614,517	156,475		4,770,992
Student & Instruction Related Services	551,169			551,169
General Administrative Services	249,479			249,479
School Administrative Services	263,420			263,420
Central Services	167,006			167,006
Administration Information Technology	33,132			33,132
Plant Operations and Maintenance	600,048			600,048
Pupil Transportation	439,147			439,147
Unallocated Benefits	1,732,699			1,732,699
Debt Service:				
Principal			270,000	270,000
Interest and Other Charges			101,407	101,407
Capital Outlay	52,829	45,532		98,361
Total Expenditures	11,898,559	267,151	371,407	12,537,117
Excess of Revenue Over Expenditures	326,553			326,553
Net Change in Fund Balances	326,553			326,553
Fund Balance - July 1	574,095		23	574,118
Fund Balance - June 30	\$ 900,648	\$ -0-	\$ 23	\$ 900,671

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 326,553

Amounts Reported for Governmental Activities in the Statement
of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital depreciation exceeded outlays in the period.

	Depreciation Expense	\$ (93,711)	
	Capital Outlays	<u>57,780</u>	(35,931)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (11,784)

Repayment of bond principal and other long-term obligation liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. (+) 310,328

Change in Net Assets of Governmental Activities \$ 589,166

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2011

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$	38,001
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Total Current Assets		38,001
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Non-Current Assets:

Capital Assets		7,482
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Less: Accumulated Depreciation		(7,072)
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Total Non-Current Assets		410
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Total Assets		38,411
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NET ASSETS:

Invested in Capital Assets, Net of Related Debt		410
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Unrestricted		38,001
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Total Net Assets	\$	38,411
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenue:	
Local Sources:	
Daily Sales:	
Special Milk Program	\$ 14,636
	<hr/>
Total Operating Revenue	14,636
	<hr/>
Operating Expenses:	
Cost of Sales	11,588
Miscellaneous Expense	6,815
Depreciation Expense	411
	<hr/>
Total Operating Expenses	18,814
	<hr/>
Change in Net Assets/Operating Loss	(4,178)
	<hr/>
Net Assets - Beginning of Year	42,589
	<hr/>
Net Assets - End of Year	\$ 38,411
	<hr/> <hr/>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 14,636
Payments to Suppliers	(18,403)
	<hr/>
Net Cash Used for Operating Activities	(3,767)
	<hr/>
Net Decrease in Cash and Cash Equivalents	(3,767)
	<hr/>
Cash and Cash Equivalents, July 1	41,768
	<hr/>
Cash and Cash Equivalents, June 30	\$ 38,001
	<hr/> <hr/>
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating Loss	\$ (4,178)
Adjustment to Reconcile Operating Income to Cash Used for Operating Activities:	
Depreciation	411
	<hr/>
Net Cash Used for Operating Activities	\$ (3,767)
	<hr/> <hr/>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

<u>ASSETS:</u>	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust</u>
Cash and Cash Equivalents	\$ 145,514	\$ 27,646	\$ 5,246
Interfund Receivable - General Fund		10,000	
Total Assets	145,514	37,646	5,246
 <u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	78,382		
Due to Student Groups	67,132		
Total Liabilities	145,514		
 <u>NET ASSETS:</u>			
Held in Trust for Unemployment Claims		37,646	
Reserved for Memorial Library Fund			9,267
Total Net Assets	\$ -0-	\$ 37,646	\$ 5,246

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Trust	Private Purpose Trust
ADDITIONS:		
Contributions:		
Plan Members	\$ 20,618	
Budget Appropriation	1,266	
Total Contributions	21,884	
Investment Earnings:		
Interest	11	
Net Investment Earnings	11	
Total Additions	21,895	
DEDUCTIONS:		
Unemployment Contribution Payments	39,862	
Expenditures		\$ 4,060
Total Deductions	39,862	4,060
Change in Net Assets	(17,967)	(4,060)
Net Assets - Beginning of the Year	55,613	9,306
Net Assets - End of the Year	\$ 37,646	\$ 5,246

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Boonton Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school located in the Township of Boonton. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Private Purpose Trust Fund.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize the payments on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 12,166,404	\$ 258,246
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas GAAP does not		8,905
Prior Year State Aid Payment Recognized for GAAP Statements	70,902	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(12,194)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 12,225,112	\$ 267,151

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$11,898,559	\$ 258,246
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		8,905
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$11,898,559	\$ 267,151

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, 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.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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 restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 Years
Site Improvements	20 Years
Furniture and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in 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 expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2011.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide *Statement of Net Assets*, the liabilities, whose average maturities are greater than one year, should be reported in two components - the amount due within one year and the amount due in more than one year.

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$900,648 General Fund fund balance at June 30, 2011, \$71,489 is assigned for year-end encumbrances; \$48,226 is restricted in the capital reserve account; \$83,000 has been restricted for tuition adjustment for the fiscal year ended June 30, 2013 in accordance with N.J.A.C. 6A:23A-3.1(f)(8); \$115,607 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (\$1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2013; \$150,000 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2012; and \$432,326 is unassigned fund balance (which is \$12,194 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2012).

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2011 of \$23 is restricted and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2012.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (\$1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance 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 restricted excess surplus fund balance at June 30, 2011 is \$115,607.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$12,194 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the related state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Deficit in Net Assets:

The District has a \$1,574,638 deficit in net assets from its governmental activities at June 30, 2011, primarily due to the fixed assets for the governmental fund of \$518,362 net of depreciation and \$2,093,000 of outstanding serial bonds at June 30, 2011. This deficit does not indicate that the District is having financial difficulties and is permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditures. Unassigned fund balance indicates that portion which is available for appropriation in future periods. Fund balance restrictions have been established for tuition, a capital reserve and excess surplus as defined by State law.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment or resources. The District has no committed resources at June 30, 2011.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not a restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for the 2011/2012 budget and year-end encumbrances at June 30, 2011.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits: (Cont'd)

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section entitled Investments.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (c) the maturity of the agreement is not more than 30 days;
- (d) the underlying securities are purchased through a public depository as defined in statute; and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2011, cash and cash equivalents and investments of the District consisted of the following:

	Restricted		Cash and Cash Equivalents	Total
	Cash and Cash Equivalents Capital Reserve	Tuition Reserve		
Checking & Savings Accounts	\$ 48,226	\$ 83,000	\$ 768,196	\$ 899,422
NJ Cash Management Fund			67,352	67,352
	\$ 48,226	\$ 83,000	\$ 835,548	\$ 966,774

During the period ended June 30, 2011, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2011, was \$966,774 and the bank balance was \$1,072,263.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Boonton Township School District by inclusion of \$1 on June 30, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account 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-5.1(d)7, the balance in the account 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 July 1, 2010 to June 30, 2011 fiscal year is as follows:

Balance at June 30, 2010	\$ 48,213
Increases: Interest Earned	13
Balance at June 30, 2011	\$ 48,226

The June 30, 2011 Long Range Facilities Plan balance of local support costs exceeds the balance in the capital reserve account at June 30, 2011.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2011, the District transferred \$25,180 to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	Balance 06/30/10	Increases	Decreases	Balance 06/30/11
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 1,864,590	\$ 2,600		\$ 1,867,190
Machinery and Equipment	779,845	55,180		835,025
Total Capital Assets Being Depreciated	<u>2,644,435</u>	<u>57,780</u>		<u>2,702,215</u>
Governmental Activities Capital Assets	<u>2,644,435</u>	<u>57,780</u>		<u>2,702,215</u>
Less Accumulated Depreciated for:				
Buildings and Building Improvements	(1,608,039)	(52,745)		(1,660,784)
Machinery and Equipment	(482,103)	(40,966)		(523,069)
Total Accumulated Depreciation	<u>(2,090,142)</u>	<u>(93,711)</u>		<u>(2,183,853)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 554,293</u>	<u>\$ (35,931)</u>	<u>\$ -0-</u>	<u>\$ 518,362</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 7,482			\$ 7,482
Less Accumulated Depreciation	(6,661)	\$ (411)		(7,072)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 821</u>	<u>\$ (411)</u>	<u>\$ -0-</u>	<u>\$ 410</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 8,438
Special Education Instruction	650
General Administrative Services	6,757
Operations and Maintenance of Plant	707
Transportation	3,675
General/Unallocated	73,484
	<u>\$ 93,711</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. OPERATING LEASES

The District has a commitment to lease copiers under operating leases which expires in March 2013. Total operating lease payments made during the year ended June 30, 2011 were \$19,677. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2012	\$ 19,677
June 30, 2013	14,758
	<u>\$ 34,435</u>

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>06/30/10</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>06/30/11</u>
Bonds Payable	\$ 2,363,000		\$ 270,000	\$ 2,093,000
Compensated Absences Payable	182,037	\$ 29,207	17,423	193,821
ERIP Accrued Liability	178,519		16,229	162,290
Capital Leases Payable	74,933		24,099	50,834
	<u>\$ 2,798,489</u>	<u>\$ 29,207</u>	<u>\$ 327,751</u>	<u>\$ 2,499,945</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds:

The District had bonds outstanding as of June 30, 2011 as follows:

<u>Final Maturity</u> <u>Date</u>	<u>Serial Bonds</u> <u>Interest Rate</u>	<u>Amount</u>
07/15/14	5.95%	\$ 353,000
05/01/20	3.375-4.000%	1,740,000
		<u>\$ 2,093,000</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 8. GENERAL LONG-TERM DEBT (Cont'd)

A. Bonds Payable (Cont'd):

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 270,000	\$ 89,875	\$ 359,875
2013	285,000	77,963	362,963
2014	290,000	64,314	354,314
2015	288,000	50,018	338,018
2016	200,000	38,400	238,400
2017-2020	760,000	75,000	835,000
	<u>\$ 2,093,000</u>	<u>\$ 395,570</u>	<u>\$ 2,488,570</u>

On November 1, 2005, the Boonton Township School District issued refunding school bonds of \$1,990,000 with interest rates ranging from 3.125% to 4.000% to advance refund \$1,837,000 school bonds with an interest rate of 5.50%. The bonds mature on May 1, 2006 through 2020 and May 1, 2011 was the first optional redemption date at 100% of par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on May 1, 2011. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

As a result of the advance refunding, the School reduced its total debt service requirement by \$79,239, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$63,018.

B. Bonds Authorized But Not Issued:

As of June 30, 2011, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District has entered into capital lease for a paging system and a school bus totaling \$121,000. The capital lease is for a term of five years in length. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2011.

<u>Year</u>	<u>Amount</u>
2012	\$ 26,561
2013	26,561
Total minimum lease payments	53,122
Less: Amount representing interest	(2,288)
Present value of net minimum lease payments	<u>\$ 50,834</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 8. GENERAL LONG-TERM DEBT (Cont'd)

C. Capital Leases Payable: (Cont'd)

The current portion of capital leases payable at June 30, 2011 is \$26,561 and the long-term portion is \$26,561.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and the current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$193,821. There is no liability for compensated absences in the District's Enterprise Fund.

E. Early Retirement Incentive Program:

The District's obligation for principal payments under the Early Retirement Incentive Program ("ERIP") is as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 16,229
2013	16,229
2014	16,229
2015	16,229
2016	16,229
2017	16,229
2018	16,229
2019	16,229
2020	16,229
2021	16,229
	<u>\$ 162,290</u>

For additional information regarding the ERIP, See Note 9 – Pension Plans.

The General Fund will be used to liquidate other long-term liabilities which include Compensated Absences Payable, ERIP Accrued Liability and Capital Leases. The Debt Service Fund will be used to liquidate Bonds Payable.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during the years of creditable service. Vesting occurs after 8 to 10 years of service.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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 obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

Under current statute, the District is a noncontributing employer of the TPAF. District contributions to PERS amounted to \$71,730, \$55,546 and \$49,671 for 2011, 2010 and 2009, respectively.

During the fiscal years ended June 30, 2011, 2010 and 2009 the State of New Jersey contributed \$-0-, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

Legislation enacted during 1993 provides early retirement incentives for certain members of the TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1993 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service.

The Board elected the early retirement incentive program ("ERIP") on June 30, 1993 for TPAF.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62 of Public Laws 1994. Funding of post-retirement medical premiums 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 Chapter 126 of Public Laws 1992, which provides free 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

The State's on behalf Post Retirement Medical Contributions for TPAF for the District were \$230,975, \$220,674 and \$209,557 for 2011, 2010 and 2009, respectively.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- Ameriprise
- AXA Equitable
- Metropolitan Life Securities First
- Metropolitan Life Resources
- John Hancock
- Lincoln Financial

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

Property, Liability and Health Benefits

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"). This public entity risk management pool provided general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSBAIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the NJSBAIG are elected.

As a member of the NJSBAIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSBAIG were to be exhausted, members would become responsible for their respective shares of the NJSBAIG's liabilities. The NJSBAIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

The audit report for the fiscal year ended June 30, 2011 was not available as of the date of this report. Selected financial information for the NJSBAIG as of June 30, 2010 is as follows:

	<u>New Jersey School Board's Association Insurance Group</u>
Total Assets	\$ 241,084,120
Net Assets	\$ 57,984,070
Total Revenue	\$ 85,455,060
Total Expenses	\$ 76,536,630
Change in Net Assets	\$ 8,918,430
Net Asset Distribution to Participating Members	\$ -0-

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey School Board's Association Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060
www.njsbaig.org

New Jersey Unemployment Compensation Insurance

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 the District's contributions, employee contributions and interest, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010/2011	\$ 1,266	\$ 20,629	\$ 39,862	\$ 37,646
2009/2010	-0-	20	13,278	55,613
2008/2009	10,000	373	3,282	68,871

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 13. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 21,779	\$ 10,000
Special Revenue		21,779
Fiduciary Fund	10,000	
	<u>\$ 31,779</u>	<u>\$ 31,779</u>

The interfund between General Fund and the Fiduciary Fund represents the District's prior year contribution to the Unemployment Compensation Trust. The interfund between General Fund and Special Revenue Fund represents the deficit in cash due to the grant receivable in Special Revenue Fund.

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2011, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>\$ 71,489</u>	<u>\$ 1,083</u>	<u>\$ 72,572</u>

NOTE 17. TUITION RESERVE ACCOUNT

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23A-14.4(a)(3) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated tuition cost in the contract year for an anticipated tuition adjustment in the second year following the contract year. Full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief.

The District established a \$83,000 tuition reserve during 2010/2011 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2013.

BUDGETARY COMPARISON SCHEDULES

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,230,140		\$ 11,230,140	\$ 11,230,140	
Interest Earned on Capital Reserve Funds	100		100	13	\$ (87)
Miscellaneous	90,681		90,681	87,986	(2,695)
Total - Local Sources	<u>11,320,921</u>		<u>11,320,921</u>	<u>11,318,139</u>	<u>(2,782)</u>
State Sources:					
Categorical Special Education Aid	131,514		131,514	131,514	
Extraordinary Aid				184,428	184,428
Nonpublic Transportation				10,092	10,092
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				10,874	10,874
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				230,975	230,975
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				256,619	256,619
Total State Sources	<u>131,514</u>		<u>131,514</u>	<u>824,502</u>	<u>692,988</u>
Federal Sources:					
Education Jobs Fund		\$ 23,763	23,763	23,763	
Total Federal Sources		<u>23,763</u>	<u>23,763</u>	<u>23,763</u>	
TOTAL REVENUES	<u>11,452,435</u>	<u>23,763</u>	<u>11,476,198</u>	<u>12,166,404</u>	<u>690,206</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 209,735	\$ (54,557)	\$ 155,178	\$ 154,618	\$ 560
Grades 1-5 - Salaries of Teachers	1,295,229	(1,914)	1,293,315	1,278,434	14,881
Grades 6-8 - Salaries of Teachers	1,079,135	(28,308)	1,050,827	1,047,651	3,176
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000		5,000	1,637	3,363
Purchased Professional-Educational Services	500	7,148	7,648	7,648	
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	2,000	435	2,435	2,435	
Other Purchased Services (400-500 series)	2,820	682	3,502	3,502	
General Supplies	88,944	26,026	114,970	111,138	3,832
Textbooks	5,000	128	5,128	5,001	127
Other Objects	750		750	274	476
Total Regular Programs - Instruction	2,689,113	(50,360)	2,638,753	2,612,338	26,415
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	229,813	5,681	235,494	235,494	
Other Salaries for Instruction	26,942	(1,032)	25,910	25,910	
General Supplies	2,400	(1,000)	1,400	844	556
Total Resource Room/Resource Center	259,155	3,649	262,804	262,248	556

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Special Education - Instruction:					
Preschool Disabilities - Full Time:					
Salaries of Teachers	\$ 89,571	\$ 817	\$ 90,388	\$ 89,823	\$ 565
Other Salaries for Instruction	89,656	4,877	94,533	82,133	12,400
General Supplies	1,100	493	1,593	428	1,165
Total Preschool Disabilities - Full Time	<u>180,327</u>	<u>6,187</u>	<u>186,514</u>	<u>172,384</u>	<u>14,130</u>
Total Special Education - Instruction	<u>439,482</u>	<u>9,836</u>	<u>449,318</u>	<u>434,632</u>	<u>14,686</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	63,138	160	63,298	63,298	
General Supplies	500	(160)	340	311	29
Total Basic Skills/Remedial - Instruction	<u>63,638</u>		<u>63,638</u>	<u>63,609</u>	<u>29</u>
Bilingual Education - Instruction:					
Salaries of Teachers	20,006		20,006	19,806	200
Total Bilingual Education - Instruction	<u>20,006</u>		<u>20,006</u>	<u>19,806</u>	<u>200</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	19,405	2,560	21,965	21,965	
Supplies and Materials	300	(29)	271		271
Other Objects	250	145	395	395	
Total School-Sponsored Cocurricular Activities - Instruction	<u>19,955</u>	<u>2,676</u>	<u>22,631</u>	<u>22,360</u>	<u>271</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 38,212		\$ 38,212	\$ 36,293	\$ 1,919
Supplies and Materials	3,385		3,385	393	2,992
Other Objects	1,485		1,485	1,119	366
Transfer to Cover Deficit	8,558		8,558	4,563	3,995
Total School-Sponsored Athletics - Instruction	<u>51,640</u>		<u>51,640</u>	<u>42,368</u>	<u>9,272</u>
Total Instruction	<u>3,283,834</u>	<u>\$ (37,848)</u>	<u>3,245,986</u>	<u>3,195,113</u>	<u>50,873</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,755,700		3,755,700	3,755,700	
Tuition to Other LEAs Within the State - Special	290,949	(57,121)	233,828	233,828	
Tuition to County Vocational School District - Regular		13,407	13,407	13,407	
Tuition to Private Schools for the Handicapped - Within State	728,011	(77,666)	650,345	607,368	42,977
Tuition to Private Schools for the Handicapped - Out of State		4,214	4,214	4,214	
Total Undistributed Expenditures - Instruction	<u>4,774,660</u>	<u>(117,166)</u>	<u>4,657,494</u>	<u>4,614,517</u>	<u>42,977</u>
Health Services:					
Salaries	87,832	3,000	90,832	90,832	
Purchased Professional and Technical Services	6,400	(2,048)	4,352	4,170	182
Supplies and Materials	4,700	948	5,648	5,549	99
Other Objects	450		450	245	205
Total Health Services	<u>99,382</u>	<u>1,900</u>	<u>101,282</u>	<u>100,796</u>	<u>486</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Speech, OT, PT & Related Services:					
Salaries	\$ 55,113	\$ (3,674)	\$ 51,439	\$ 51,439	
Purchased Professional - Educational Services	73,740	2,872	76,612	62,701	\$ 13,911
Supplies and Materials	1,050		1,050	387	663
Total Speech, OT, PT & Related Services	<u>129,903</u>	<u>(802)</u>	<u>129,101</u>	<u>114,527</u>	<u>14,574</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	80,826	24,700	105,526	100,031	5,495
Total Other Support Services - Students - Extraordinary Services	<u>80,826</u>	<u>24,700</u>	<u>105,526</u>	<u>100,031</u>	<u>5,495</u>
Guidance:					
Salaries of Other Professional Staff	280	22,490	22,770	22,770	
Supplies and Materials	715	(320)	395	211	184
Total Guidance	<u>995</u>	<u>22,170</u>	<u>23,165</u>	<u>22,981</u>	<u>184</u>
Child Study Teams:					
Salaries of Other Professional Staff	115,781	(19,216)	96,565	96,565	
Salaries of Secretarial and Clerical Assistants	19,856		19,856	19,474	382
Purchased Professional - Educational Services	9,500	3,601	13,101	10,850	2,251
Other Purchased Professional and Technical Services	2,500		2,500	1,622	878
Other Purchased Services (400-500 series other than resid costs)	500	6	506	506	
Supplies and Materials	3,000	200	3,200	2,881	319
Other Objects	1,500	33	1,533	1,533	
Total Child Study Teams	<u>152,637</u>	<u>(15,376)</u>	<u>137,261</u>	<u>133,431</u>	<u>3,830</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Improvement of Instruction Services:					
Salaries of Other Professional Staff	\$ 1,600	\$ (880)	\$ 720		\$ 720
Total Improvement of Instruction Services	<u>1,600</u>	<u>(880)</u>	<u>720</u>		<u>720</u>
Educational Media Services/School Library:					
Salaries	32,216		32,216	\$ 32,216	
Salaries of Technology Coordinators	32,573	(626)	31,947	31,939	8
Other Purchased Services (400-500 series)	11,235	(4,079)	7,156	7,156	
Supplies and Materials	8,798		8,798	7,623	1,175
Other Objects	70		70	65	5
Total Educational Media Services/School Library	<u>84,892</u>	<u>(4,705)</u>	<u>80,187</u>	<u>78,999</u>	<u>1,188</u>
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	6,000		6,000	404	5,596
Supplies and Materials	500		500		500
Other Objects	800		800		800
Total Instructional Staff Training Services	<u>7,300</u>		<u>7,300</u>	<u>404</u>	<u>6,896</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 145,666	\$ 9,539	\$ 155,205	\$ 149,332	\$ 5,873
Legal Services	19,000	(10,147)	8,853	1,900	6,953
Audit Fees	32,150		32,150	32,150	
Other Purchased Professional Services	3,900	4,500	8,400	6,515	1,885
Communications/Telephone	30,858	(3,501)	27,357	13,281	14,076
BOE Other Purchased Services	2,000		2,000	600	1,400
Miscellaneous Purchased Services (400-500) (Other than 530&585)	36,158	(280)	35,878	29,268	6,610
General Supplies	9,308	(908)	8,400	4,270	4,130
BOE In-House Training/Meeting Supplies	2,000	308	2,308	1,561	747
Miscellaneous Expenditures	5,970	426	6,396	4,099	2,297
BOE Membership Dues and Fees	7,700		7,700	6,503	1,197
Total Support Services - General Administration	<u>294,710</u>	<u>(63)</u>	<u>294,647</u>	<u>249,479</u>	<u>45,168</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	189,648	(1,675)	187,973	178,812	9,161
Salaries of Other Professional Staff	21,840	(340)	21,500	21,500	
Salaries of Secretarial and Clerical Assistants	50,730	(560)	50,170	49,630	540
Other Purchased Services (400-500 series)	4,000	464	4,464	4,414	50
Supplies and Materials	6,400	1,752	8,152	7,974	178
Other Objects	2,000	(447)	1,553	1,090	463
Total Support Services - School Administration	<u>274,618</u>	<u>(806)</u>	<u>273,812</u>	<u>263,420</u>	<u>10,392</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 155,503		\$ 155,503	\$ 152,513	\$ 2,990
Miscellaneous Purchased Services (400-500)	9,700	\$ 310	10,010	10,009	1
Supplies and Materials	5,000		5,000	2,374	2,626
Miscellaneous Expenditures	4,035		4,035	2,110	1,925
Total Central Services	<u>174,238</u>	<u>310</u>	<u>174,548</u>	<u>167,006</u>	<u>7,542</u>
Administration Information Technology:					
Salaries	21,715		21,715	21,293	422
Purchased Technical Services	7,040		7,040	4,210	2,830
Other Purchased Services (400-500 series)	12,400		12,400	3,680	8,720
Supplies and Materials	4,500		4,500	3,949	551
Other Objects	7,200		7,200		7,200
Total Administration Information Technology	<u>52,855</u>		<u>52,855</u>	<u>33,132</u>	<u>19,723</u>
Required Maintenance for School Facilities:					
Salaries	46,061	(1,301)	44,760	44,289	471
Cleaning, Repair and Maintenance Services	65,947	62,543	128,490	88,275	40,215
General Supplies	19,620	7,030	26,650	26,110	540
Total Required Maintenance for School Facilities	<u>131,628</u>	<u>68,272</u>	<u>199,900</u>	<u>158,674</u>	<u>41,226</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 232,246	\$ (6,051)	\$ 226,195	\$ 217,722	\$ 8,473
Purchased Professional and Technical Services	7,000		7,000	2,856	4,144
Cleaning, Repair and Maintenance Services	68,775	(4,500)	64,275	45,168	19,107
Other Purchased Property Services	5,200		5,200	4,910	290
Insurance	29,000		29,000	28,908	92
Miscellaneous Purchased Services	500		500	63	437
General Supplies	23,825		23,825	16,290	7,535
Energy (Electricity)	74,160		74,160	61,645	12,515
Other Objects	700		700	80	620
Energy (Natural Gas)	88,868		88,868	50,891	37,977
Total Custodial Services	<u>530,274</u>	<u>(10,551)</u>	<u>519,723</u>	<u>428,533</u>	<u>91,190</u>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	16,500		16,500	12,841	3,659
Total Care and Upkeep of Grounds	<u>16,500</u>		<u>16,500</u>	<u>12,841</u>	<u>3,659</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries (Between Home & School) - Regular	\$ 38,938	\$ 186	\$ 39,124	\$ 37,767	\$ 1,357
Salaries (Between Home & School) - Special Education	4,195		4,195	3,125	1,070
Salaries (Other Than Between Home & School)	10,000		10,000	4,283	5,717
Cleaning, Repair and Maintenance Services	5,000	900	5,900	3,443	2,457
Contracted Services:					
Between Home & School - Vendors	55,290	79,023	134,313	134,313	
Other Than Between Home & School - Vendors	3,500	5,310	8,810	8,810	
Special Education Students - Vendors	18,000	(1,000)	17,000	16,400	600
Regular Students - ESCs & CTSA's		5,013	5,013	5,013	
Special Education Students - ESC's & CTSA's	289,288	(55,205)	234,083	168,547	65,536
Aid in Lieu of Payments - Non Public School	54,000	(1,751)	52,249	48,620	3,629
Miscellaneous Purchased Services - Transportation	5,000	(1,000)	4,000	2,213	1,787
General Supplies	6,000	1,000	7,000	6,450	550
Other Objects	1,000		1,000	163	837
Total Student Transportation Services	490,211	32,476	522,687	439,147	83,540

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Undistributed Expenditures:					
Unallocated Benefits:					
Social Security Contributions	\$ 74,555	\$ 1,462	\$ 76,017	\$ 73,734	\$ 2,283
TPAF Contributions - ERIP	17,000	(771)	16,229	16,229	
Other Retirement Contributions - PERS	66,912	4,818	71,730	71,730	
Unemployment Compensation	10,000	(8,734)	1,266	1,266	
Workmen's Compensation	40,000	746	40,746	40,746	
Health Benefits	902,843	99,992	1,002,835	982,990	19,845
Tuition Reimbursement	25,000	4,900	29,900	29,900	
Other Employee Benefits	11,844	6,098	17,942	17,636	306
Total Unallocated Benefits	<u>1,148,154</u>	<u>108,511</u>	<u>1,256,665</u>	<u>1,234,231</u>	<u>22,434</u>
TPAF Contributions:					
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				10,874	(10,874)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				230,975	(230,975)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				256,619	(256,619)
Total On-Behalf Contributions				<u>498,468</u>	<u>(498,468)</u>
Total Personal Services - Employee Benefits	<u>1,148,154</u>	<u>108,511</u>	<u>1,256,665</u>	<u>1,732,699</u>	<u>(476,034)</u>
Total Undistributed Expenses	<u>8,445,383</u>	<u>107,990</u>	<u>8,553,373</u>	<u>8,650,617</u>	<u>(97,244)</u>
Total Expenditures - Current Expense	<u>11,729,217</u>	<u>70,142</u>	<u>11,799,359</u>	<u>11,845,730</u>	<u>(46,371)</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	\$ 11,805		\$ 11,805	\$ 11,805	
School Buses - Regular	14,756		14,756	14,756	
School Buses - Special		\$ 25,180	25,180	25,180	
Total Equipment	<u>26,561</u>	<u>25,180</u>	<u>51,741</u>	<u>51,741</u>	
Facilities Acquisition and Construction Services:					
Other Objects	1,088		1,088	1,088	
Total Facilities Acquisition and Construction Services	<u>1,088</u>		<u>1,088</u>	<u>1,088</u>	
Total Expenditures - Capital Outlay	<u>27,649</u>	<u>25,180</u>	<u>52,829</u>	<u>52,829</u>	
TOTAL EXPENDITURES	<u>11,756,866</u>	<u>95,322</u>	<u>11,852,188</u>	<u>11,898,559</u>	\$ (46,371)

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (304,431)	\$ (71,559)	\$ (375,990)	\$ 267,845	\$ 643,835
Fund Balance, July 1	644,997		644,997	644,997	
Fund Balance, June 30	\$ 340,566	\$ (71,559)	\$ 269,007	\$ 912,842	\$ 643,835

Recapitulation:

Restricted Fund Balance:

Capital Reserve	\$ 48,226
Tuition Reserve - Designated for 2012/13 School Year	83,000
Excess Surplus	115,607

Assigned Fund Balance:

Year-End Encumbrances	71,489
Designated for Subsequent Year's Expenditures	150,000
Unassigned Fund Balance	444,520
	<u>912,842</u>

Reconciliation to Governmental Funds Statement (GAAP):

Last State Aid Payments not Recognized on GAAP Basis	(12,194)
Fund Balance per Governmental Funds (GAAP)	<u>\$ 900,648</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 264,093	\$ (5,847)	\$ 258,246	\$ 258,246	
Total Revenues	<u>264,093</u>	<u>(5,847)</u>	<u>258,246</u>	<u>258,246</u>	
EXPENDITURES:					
Instruction					
Salaries	11,590	13,531	25,121	25,121	
Purchased Professional and Technical Services	19,000	(15,950)	3,050	3,050	
Other Purchased Services (400-500 Series)	1,400	3,900	5,300	5,300	
Tuition	151,546	4,929	156,475	156,475	
General Supplies	18,632	(6,732)	11,900	11,900	
Other Objects	375	(375)			
Total Instruction	<u>202,543</u>	<u>(697)</u>	<u>201,846</u>	<u>201,846</u>	
Support Services					
Salaries	4,200	916	5,116	5,116	
Personal Services - Employee Benefits	1,208	1,199	2,407	2,407	
Purchased Professional Educational Services	6,807	(1,107)	5,700	5,700	
Other Purchased Professional and Technical Services	23	(23)			
Miscellaneous Purchased Services	1,920	3,821	5,741	5,741	
Supplies and Materials	7,069	(5,177)	1,892	1,892	
Total Support Services	<u>21,227</u>	<u>(371)</u>	<u>20,856</u>	<u>20,856</u>	
Facilities Acquisition and Construction Services:					
Buildings		2,600	2,600	2,600	
Non-Instructional Equipment	40,323	(7,379)	32,944	32,944	
Total Facilities Acquisition and Construction Services	<u>40,323</u>	<u>(4,779)</u>	<u>35,544</u>	<u>35,544</u>	
Total Expenditures	<u>264,093</u>	<u>(5,847)</u>	<u>258,246</u>	<u>258,246</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Note A - Explanation of Differences Between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 12,166,404	\$ 258,246
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas GAAP does not		8,905
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	70,902	
Current Year State Aid Payments Recognized for Budgetary Statements, not Recognized for GAAP Statements	(12,194)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 12,225,112	\$ 267,151
Uses/Outflows of Resources		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 11,898,559	\$ 258,246
Differences - Budget to GAAP:		
Encumbrances Ordered but not Received are Reported in the Year the Order is Place for Budgetary Purposes, but in the Year they are Received for Financial Reporting Purposes.		8,905
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 11,898,559	\$ 267,151

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions on the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize the payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE)

SPECIAL REVENUE FUND

BOONTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	NCLB Consolidated Grants		IDEA, Part B	IDEA, Part B
	Title I - Part A	Title II - Part A	Basic Carryover	Basic
REVENUES				
Federal Sources	\$ 7,824	\$ 10,449	\$ 1,159	\$ 155,316
Total Revenues	7,824	10,449	1,159	155,316
EXPENDITURES:				
Instruction:				
Salaries				
Purchased Professional and Technical Services				
Other Purchased Services (400-500 Series)	5,300			
Tuition			1,159	155,316
General Supplies				
Total Instruction	5,300		1,159.00	155,316
Support Services:				
Salaries		5,116		
Personal Services - Employee Benefits		392		
Purchased Professional Educational Services				
Miscellaneous Purchased Services	800	4,941		
Supplies and Materials	1,724			
Total Support Services	2,524	10,449		
Facilities Acquisition and Construction Services:				
Buildings				
Non-Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 7,824	\$ 10,449	\$ 1,159	\$ 155,316

BOONTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	IDEA, Part B Preschool	American Recovery and Reinvestment Act		Totals June 30, 2011
		IDEA, Part B Basic	IDEA, Part B Preschool	
REVENUES				
Federal Sources	\$ 5,700	\$ 71,954	\$ 5,844	\$ 258,246
Total Revenues	5,700	71,954	5,844	258,246
EXPENDITURES:				
Instruction:				
Salaries		25,121		25,121
Purchased Professional and Technical Services		3,050		3,050
Other Purchased Services (400-500 Series)				5,300
Tuition				156,475
General Supplies		9,000	2,900	11,900
Total Instruction		37,171	2,900	201,846
Support Services:				
Salaries				5,116
Personal Services - Employee Benefits		2,015		2,407
Purchased Professional Educational Services	5,700			5,700
Miscellaneous Purchased Services				5,741
Supplies and Materials		168		1,892
Total Support Services	5,700	2,183		20,856
Facilities Acquisition and Construction Services:				
Buildings		2,600		2,600
Non-Instructional Equipment		30,000	2,944	32,944
Total Facilities Acquisition and Construction Services		32,600	2,944	35,544
Total Expenditures	\$ 5,700	\$ 71,954	\$ 5,844	\$ 258,246

CAPITAL PROJECTS FUND

(NOT APPLICABLE)

PROPRIETARY FUNDS

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 38,001
---------------------------	-----------

Total Current Assets	38,001
----------------------	--------

Non-Current Assets:

Capital Assets	7,482
----------------	-------

Accumulated Depreciation	(7,072)
--------------------------	---------

Total Non-Current Assets	410
--------------------------	-----

Total Assets	38,411
--------------	--------

NET ASSETS:

Invested in Capital Assets, Net of Related Debt	410
---	-----

Unrestricted	38,001
--------------	--------

Total Net Assets	\$ 38,411
------------------	-----------

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenue:	
Local Sources:	
Daily Sales:	
Special Milk Program	\$ 14,636
	<hr/>
Total Operating Revenue	14,636
	<hr/>
Operating Expenses:	
Cost of Sales	11,588
Miscellaneous	6,815
Depreciation	411
	<hr/>
Total Operating Expenses	18,814
	<hr/>
Change in Net Assets/Operating Loss	(4,178)
	<hr/>
Net Assets - Beginning of Year	42,589
	<hr/>
Net Assets - End of Year	\$ 38,411
	<hr/> <hr/>

Exhibit G-3

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 14,636
Payments to Suppliers	<u>(18,403)</u>
Net Cash Used for Operating Activities	<u>(3,767)</u>
Net Decrease in Cash and Cash Equivalents	(3,767)
Cash and Cash Equivalents, July 1	<u>41,768</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 38,001</u></u>
Reconciliation of Operating Income to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (4,178)
Adjustment to Reconcile Operating Loss to	
Cash Used for Operating Activities:	
Depreciation	<u>411</u>
Net Cash Used for Operating Activities	<u><u>\$ (3,767)</u></u>

FIDUCIARY FUNDS

BOONTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust</u>	<u>Totals</u>
ASSETS:						
Cash and Cash Equivalents	\$ 67,132	\$ 78,382	\$ 145,514	\$ 27,646	\$ 5,246	\$ 178,406
Interfund Receivable - General Fund				10,000		10,000
Total Assets	<u>67,132</u>	<u>78,382</u>	<u>145,514</u>	<u>37,646</u>	<u>5,246</u>	<u>188,406</u>
LIABILITIES:						
Payroll Deductions and Withholdings		78,382	78,382			78,382
Due to Student Groups	67,132		67,132			67,132
Total Liabilities	<u>67,132</u>	<u>78,382</u>	<u>145,514</u>			<u>145,514</u>
NET ASSETS:						
Held in Trust for Unemployment Claims				37,646		37,646
Reserved for Memorial Library Fund					5,246	5,246
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 37,646</u>	<u>\$ 5,246</u>	<u>\$ 42,892</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust</u>	<u>Totals</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 20,618		\$ 20,618
Budget Appropriation	1,266		1,266
Total Contributions	21,884		21,884
Investment Earnings:			
Interest	11		11
Net Investment Earnings	11		11
Total Additions	21,895		21,895
DEDUCTIONS:			
Unemployment Contribution Payments	39,862		39,862
Expenditures		\$ 4,060	4,060
Total Deductions	39,862	4,060	43,922
Change in Net Assets	(17,967)	(4,060)	(22,027)
Net Assets—Beginning of the Year	55,613	9,306	64,919
Net Assets—End of the Year	\$ 37,646	\$ 5,246	\$ 42,892

BOONTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Cash and Cash Equivalents	\$ 58,693	\$ 158,476	\$ 150,037	\$ 67,132
Total Assets	<u>\$ 58,693</u>	<u>\$ 158,476</u>	<u>\$ 150,037</u>	<u>\$ 67,132</u>
 LIABILITIES:				
Liabilities:				
Due to Student Groups	\$ 58,693	\$ 158,476	\$ 150,037	\$ 67,132
Total Liabilities	<u>\$ 58,693</u>	<u>\$ 158,476</u>	<u>\$ 150,037</u>	<u>\$ 67,132</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Student Activities	\$ 26,494	\$ 58,517	\$ 57,854	\$ 27,157
Athletic Accounts	2,153	23,601	19,991	5,763
8th Grade Account	30,046	76,358	72,192	34,212
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Funds	<u>\$ 58,693</u>	<u>\$ 158,476</u>	<u>\$ 150,037</u>	<u>\$ 67,132</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Cash and Cash Equivalents	\$ 77,041	\$ 4,797,021	\$ 4,795,680	\$ 78,382
Total Assets	<u>\$ 77,041</u>	<u>\$ 4,797,021</u>	<u>\$ 4,795,680</u>	<u>\$ 78,382</u>
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ 77,041	\$ 1,797,914	\$ 1,796,573	\$ 78,382
Net Payroll		<u>2,999,107</u>	<u>2,999,107</u>	
Total Liabilities	<u>\$ 77,041</u>	<u>\$ 4,797,021</u>	<u>\$ 4,795,680</u>	<u>\$ 78,382</u>

LONG-TERM DEBT

**BOONTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2011		Interest Rate	Balance July 1, 2010	Matured	Balance June 30, 2011
			Date	Amount				
Elementary School	07/15/1994	\$ 1,358,000	07/15/11	\$ 85,000	5.95%	\$ 438,000	\$ 85,000	\$ 353,000
			07/15/12-13	90,000	5.95%			
			07/15/14	88,000	5.95%			
Refunding Bonds of 2005	11/01/2005	1,990,000	05/01/2012	185,000	3.625%	1,925,000	185,000	1,740,000
			05/01/2013	55,000	3.625%			
			05/01/2013	140,000	4.500%			
			05/01/2014	200,000	4.500%			
			05/01/2015	200,000	4.500%			
			05/01/2016	200,000	4.000%			
			05/01/2017	195,000	4.000%			
			05/01/2018	195,000	4.000%			
			05/01/2019	190,000	4.000%			
			05/01/2020	180,000	4.000%			
						\$ 2,363,000	\$ 270,000	\$ 2,093,000

BOONTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2010</u>	<u>Matured</u>	<u>Balance June 30, 2011</u>
Paging System and Bus	3.57%	\$ 121,000	\$ 74,933	\$ 24,099	\$ 50,834
			<u>\$ 74,933</u>	<u>\$ 24,099</u>	<u>\$ 50,834</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 308,589		\$ 308,589	\$ 308,589	
State Sources:					
Debt Service Aid Type II	62,818		62,818	62,818	
Total Revenues	<u>371,407</u>		<u>371,407</u>	<u>371,407</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	101,407		101,407	101,407	
Redemption of Principal	270,000		270,000	270,000	
Total Regular Debt Service	<u>371,407</u>		<u>371,407</u>	<u>371,407</u>	
Total Expenditures	<u>371,407</u>		<u>371,407</u>	<u>371,407</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1	<u>23</u>		<u>23</u>	<u>23</u>	
Fund Balance, June 30	<u>\$ 23</u>	<u>\$ - 0 -</u>	<u>\$ 23</u>	<u>\$ 23</u>	<u>\$ - 0 -</u>
Recapitulation:					
Restricted - Utilized for Subsequent Year's Expenditures				<u>\$ 23</u>	

STATISTICAL SECTION

This part of the 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 District's overall financial health.

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

BOONTON TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT,
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental Activities							
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ (83,746)	\$ (68,223)	\$ 64,182	\$ 125,197	\$ (1,940,895)	\$ (1,808,707)	\$ (1,574,638)
Restricted	320,693	314,443	475,871	250,731	162,057	202,767	318,345
Unrestricted/(Deficit)	<u>(519,212)</u>	<u>(306,847)</u>	<u>(198,216)</u>	<u>43,840</u>	<u>(54,792)</u>	<u>(64,138)</u>	<u>175,381</u>
Total Governmental Activities Net Assets/(Deficit)	<u>\$ (282,265)</u>	<u>\$ (60,627)</u>	<u>\$ 341,837</u>	<u>\$ 419,768</u>	<u>\$ (1,833,630)</u>	<u>\$ (1,670,078)</u>	<u>\$ (1,080,912)</u>
Business-Type Activities							
Invested in Capital Assets, Net of Related Debt	\$ 3,448	\$ 2,825	\$ 2,201	\$ 1,710	\$ 1,256	\$ 821	\$ 410
Unrestricted	22,734	30,057	32,575	33,695	35,282	41,768	38,001
Total Business-Type Activities Net Assets	<u>\$ 26,182</u>	<u>\$ 32,882</u>	<u>\$ 34,776</u>	<u>\$ 35,405</u>	<u>\$ 36,538</u>	<u>\$ 42,589</u>	<u>\$ 38,411</u>
District-wide							
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ (80,298)	\$ (65,398)	\$ 66,383	\$ 126,907	\$ (1,939,639)	\$ (1,807,886)	\$ (1,574,228)
Restricted	320,693	314,443	475,871	250,731	162,057	202,767	318,345
Unrestricted/(Deficit)	<u>(496,478)</u>	<u>(276,790)</u>	<u>(165,641)</u>	<u>77,535</u>	<u>(19,510)</u>	<u>(22,370)</u>	<u>213,382</u>
Total District Net Assets/(Deficit)	<u>\$ (256,083)</u>	<u>\$ (27,745)</u>	<u>\$ 376,613</u>	<u>\$ 455,173</u>	<u>\$ (1,797,092)</u>	<u>\$ (1,627,489)</u>	<u>\$ (1,042,501)</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET ASSETS BY COMPONENT, LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses:							
Governmental Activities							
Instruction:							
Regular	\$ 3,099,588	\$ 3,094,272	\$ 3,411,560	\$ 3,525,489	\$ 3,461,816	\$ 3,643,447	\$ 3,694,191
Special Education	795,598	1,002,069	986,973	874,225	862,649	740,043	688,188
Other Special Education	156,486	164,089	168,835	157,017	85,521	110,153	119,726
Other Instruction	81,606	75,966	100,274	129,604	120,573	105,914	89,705
Support Services:							
Tuition	3,972,452	3,877,036	3,542,528	3,950,465	4,329,429	4,857,452	4,770,992
Student and Instruction Related Services	732,485	689,364	855,848	877,505	878,069	670,741	681,365
General Administrative Services	301,976	315,615	338,292	338,123	340,486	279,715	296,719
School Administrative Services	166,840	208,252	257,393	272,356	291,649	370,172	368,135
Central Services	184,973	282,550	256,044	184,382	193,987	207,725	208,352
Administration Information Technology				62,064	49,898	57,050	38,904
Plant Operations and Maintenance	623,802	646,605	745,739	807,337	914,540	641,801	671,785
Pupil Transportation	548,122	563,583	532,219	598,319	621,057	568,776	455,069
Unallocated Depreciation		261,596	39,523	17,799	2,311,471	73,484	73,484
Charter Schools			4,306	4,478	9,686		
Capital Outlay							16,482
Interest on Long-Term Debt	196,420	205,867	184,135	171,927	164,384	149,927	101,407
Total Governmental Activities Expenses	<u>10,860,348</u>	<u>11,386,864</u>	<u>11,423,669</u>	<u>11,971,090</u>	<u>14,635,215</u>	<u>12,476,400</u>	<u>12,274,504</u>
Business-Type Activities:							
Food Service	10,262	9,883	8,944	9,487	12,780	8,533	18,814
Total Business-Type Activities Expense	<u>10,262</u>	<u>9,883</u>	<u>8,944</u>	<u>9,487</u>	<u>12,780</u>	<u>8,533</u>	<u>18,814</u>
Total District Expenses	<u>\$ 10,870,610</u>	<u>\$ 11,396,747</u>	<u>\$ 11,432,613</u>	<u>\$ 11,980,577</u>	<u>\$ 14,647,995</u>	<u>\$ 12,484,933</u>	<u>\$ 12,293,318</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET ASSETS BY COMPONENT, LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Program Revenues:							
Governmental Activities:							
Charges for Services:							
Tuition	\$ 167,695	\$ 157,632	\$ 96,059				
Operating Grants and Contributions	1,290,231	1,316,687	1,523,316	\$ 1,616,616	\$ 1,497,023	\$ 1,593,199	\$ 1,174,124
Capital Grants and Contributions		194,231					
Total Governmental Activities Program Revenues	<u>1,457,926</u>	<u>1,668,550</u>	<u>1,619,375</u>	<u>1,616,616</u>	<u>1,497,023</u>	<u>1,593,199</u>	<u>1,174,124</u>
Business-Type Activities:							
Charges for Services:							
Food Service	10,742	10,664	10,838	10,116	13,913	14,584	14,636
Total Business-Type Activities Program Revenues	<u>10,742</u>	<u>10,664</u>	<u>10,838</u>	<u>10,116</u>	<u>13,913</u>	<u>14,584</u>	<u>14,636</u>
Total District Program Revenues	<u>\$ 1,468,668</u>	<u>\$ 1,679,214</u>	<u>\$ 1,630,213</u>	<u>\$ 1,626,732</u>	<u>\$ 1,510,936</u>	<u>\$ 1,607,783</u>	<u>\$ 1,188,760</u>
Net (Expense)/Revenue:							
Governmental Activities	\$ (9,402,422)	\$ (9,718,314)	\$ (9,804,294)	\$ (10,354,474)	\$ (13,138,192)	\$ (10,883,201)	\$ (11,100,380)
Business-Type Activities	480	781	1,894	629	1,133	6,051	(4,178)
Total District-Wide Net Expense	<u>\$ (9,401,942)</u>	<u>\$ (9,717,533)</u>	<u>\$ (9,802,400)</u>	<u>\$ (10,353,845)</u>	<u>\$ (13,137,059)</u>	<u>\$ (10,877,150)</u>	<u>\$ (11,104,558)</u>
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 9,152,004	\$ 9,472,330	\$ 9,732,135	\$ 10,001,370	\$ 10,487,689	\$ 10,644,682	\$ 11,230,140
Taxes Levied for Debt Service	307,516	306,122	300,989	293,324	295,422	293,121	308,589
Unrestricted Grants and Contributions	74,898	95,648	73,260	73,785	73,274	72,226	62,818
Investment Earnings			2,518	500	500	100	13
Miscellaneous Income	36,318	66,147	97,856	63,426	27,909	36,624	87,986
Cancellation of State Receivable		(295)					
Total Governmental Activities	<u>9,570,736</u>	<u>9,939,952</u>	<u>10,206,758</u>	<u>10,432,405</u>	<u>10,884,794</u>	<u>11,046,753</u>	<u>11,689,546</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET ASSETS BY COMPONENT, LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Business-Type Activities:							
Unrestricted Grants and Contributions	\$ 6,578	\$ 5,919					
Total Business-Type Activities	6,578	5,919					
Total District-Wide	<u>\$ 9,577,314</u>	<u>\$ 9,945,871</u>	<u>\$ 10,206,758</u>	<u>\$ 10,432,405</u>	<u>\$ 10,884,794</u>	<u>\$ 11,046,753</u>	<u>\$ 11,689,546</u>
Change in Net Assets:							
Governmental Activities	\$ 168,314	\$ 221,638	\$ 402,464	\$ 77,931	\$ (2,253,398)	\$ 163,552	\$ 589,166
Business-Type Activities	7,058	6,700	1,894	629	1,133	6,051	(4,178)
Total District	<u>\$ 175,372</u>	<u>\$ 228,338</u>	<u>\$ 404,358</u>	<u>\$ 78,560</u>	<u>\$ (2,252,265)</u>	<u>\$ 169,603</u>	<u>\$ 584,988</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES, GOVERNMENT FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund							
Reserved/Restricted	\$ 262,423	\$ 308,673	\$ 534,936	\$ 250,730	\$ 162,056	\$ 202,744	\$ 246,833
Assigned							221,489
Unassigned							432,326
Unreserved	<u>224,421</u>	<u>217,989</u>	<u>212,460</u>	<u>362,779</u>	<u>435,799</u>	<u>371,351</u>	
Total General Fund	<u>\$ 486,844</u>	<u>\$ 526,662</u>	<u>\$ 747,396</u>	<u>\$ 613,509</u>	<u>\$ 597,855</u>	<u>\$ 574,095</u>	<u>\$ 900,648</u>
All Other Governmental Funds							
Reserved/Restricted	\$ 85,606						\$ 23
Unreserved, Reported in:							
Capital Projects Fund/(Deficit)	(85,606)						
Debt Service Fund	<u>762</u>	<u>\$ 5,770</u>	<u>\$ 5,242</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 23</u>	
Total All Other Governmental Funds	<u>\$ 762</u>	<u>\$ 5,770</u>	<u>\$ 5,242</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 23</u>	<u>\$ 23</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENT FUNDS,
LAST SEVEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Revenues:							
Tax Levy	\$ 9,459,520	\$ 9,778,452	\$ 10,033,124	\$ 10,294,694	\$ 10,783,111	\$ 10,937,803	\$ 11,538,729
Tuition Charges	167,695	157,632	96,059				
Interest Earnings			2,518	500	500	100	13
Miscellaneous	36,318	197,053	97,856	63,426	27,909	36,602	87,986
State Sources	1,199,808	1,318,117	1,434,375	1,525,564	1,401,152	1,408,202	946,028
Federal Sources	165,321	157,543	162,201	164,837	169,145	257,223	290,914
Total Revenue	11,028,662	11,608,797	11,826,133	12,049,021	12,381,817	12,639,930	12,863,670
Expenditures:							
Instruction							
Regular Instruction	2,286,286	2,354,252	2,428,430	2,489,169	2,601,525	2,647,095	2,612,338
Special Education Instruction	681,040	741,973	742,333	634,128	671,401	566,687	499,776
Other Special Instruction	114,891	120,158	114,054	105,426	62,487	79,109	83,415
Other Instruction	68,685	61,574	82,007	91,036	89,936	79,065	64,728
Support Services:							
Tuition	3,972,452	3,877,036	3,542,528	3,950,465	4,329,429	4,857,452	4,770,992
Student and Instruction Related Services	563,646	520,968	640,098	702,863	698,932	566,764	551,169
General Administrative Services	272,773	282,498	316,504	316,114	330,849	255,974	249,479
School Administrative Services	128,467	167,464	184,199	187,838	217,138	270,972	263,420
Central Services	150,446	243,933	191,869	150,105	162,103	171,609	167,006
Administration Information Technology				54,021	44,350	52,022	33,132
Plant Operations and Maintenance	504,300	523,896	610,675	680,090	644,449	579,920	600,048
Pupil Transportation	523,966	551,011	528,599	592,047	610,932	543,004	439,147
Unallocated Benefits	1,267,978	1,469,770	1,807,267	1,824,878	1,500,265	1,584,309	1,732,699

BOONTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENT FUNDS,
LAST SEVEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenditures: (Cont'd)							
Capital Outlay	\$ 14,124	\$ 398,139	\$ 39,523	\$ 34,164	\$ 176,293	\$ 44,361	\$ 98,361
Charter Schools			4,306	4,478	9,686		
Debt Service:							
Principal	185,000	200,000	220,000	230,000	240,000	250,000	270,000
Interest and Other Charges	196,420	175,267	153,535	141,327	128,696	115,347	101,407
Total Expenditures	<u>10,932,479</u>	<u>11,689,945</u>	<u>11,607,934</u>	<u>12,190,157</u>	<u>12,518,471</u>	<u>12,663,690</u>	<u>12,537,117</u>
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	<u>96,183</u>	<u>(81,148)</u>	<u>218,199</u>	<u>(141,136)</u>	<u>(136,654)</u>	<u>(23,760)</u>	<u>326,553</u>
Other Financing Sources (Uses)							
Long-Term Debt Issued		1,990,000					
Payments to Escrow Agent		(1,990,000)					
Capital Leases (Non-Budgeted)		124,263			121,000		
Cancellation of Prior Year Receivable		(295)					
Excess Proceeds from Retirement of Debt						22	
Total Other Financing Sources (Uses)		<u>123,968</u>			<u>121,000</u>	<u>22</u>	
Net Change in Fund Balances	<u>\$ 96,183</u>	<u>\$ 42,820</u>	<u>\$ 218,199</u>	<u>\$ (141,136)</u>	<u>\$ (15,654)</u>	<u>\$ (23,738)</u>	<u>\$ 326,553</u>
Debt Service as a Percentage of							
Noncapital Expenditures	3.49 %	3.32 %	3.23 %	3.05 %	2.99 %	2.90 %	2.99 %

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
2002	\$ 72,011	\$ 68,748	\$ 984	\$ 141,743
2003	13,622	111,159		124,781
2004	9,096	105,758	2,600	117,454
2005	26,541	167,695	9,777	204,013
2006	52,221	157,632	13,926	223,779
2007	67,076	96,059	33,298	196,433
2008	48,135		15,291	63,426
2009	9,542		18,367	27,909
2010	617	19,031	16,954	36,602
2011	110	12,877	74,999	87,986

BOONTON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST SEVEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 12,247,500	\$ 461,121,721	\$ 12,798,300	\$ 329,900	\$ 7,999,800	\$ 9,487,200	\$ 183,800	\$ 504,168,221	\$ 46,501,479	\$ 662,906	\$ 504,831,127	\$ 1.78	\$ 745,090,975
2005	12,281,800	471,876,321	12,336,700	337,700	8,049,800	9,487,200	183,800	514,553,321	46,578,779	566,000	515,119,321	1.87	835,412,201
2006	10,874,700	481,795,295	11,916,000	279,700	8,050,200	9,487,200	183,800	522,586,895	47,194,979	471,378	523,058,273	1.89	940,967,402
* 2007	29,126,600	1,049,570,100	23,985,000	264,400	16,901,200	18,460,900	571,000	1,138,879,200	78,510,000	912,981	1,139,792,181	0.89	1,066,429,005
2008	27,245,200	1,050,841,100	24,936,100	257,400	16,901,200	18,460,900	571,000	1,139,212,900	81,940,900	959,168	1,140,172,068	0.95	1,099,395,626
2009	23,894,100	1,052,547,600	24,066,000	258,200	16,697,700	18,168,900	571,000	1,136,203,500	82,700,000	1,112,082	1,137,315,582	0.95	1,100,787,205
2010	17,802,300	895,958,000	22,097,600	253,000	15,475,400	14,311,400	496,800	966,394,500	75,975,900	1,206,835	967,601,335	1.16	1,080,125,540

* Revaluation of Real Property.

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b Tax Rates are per \$100 of Assessed Value.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessor

BOONTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(RATE PER \$100 OF ASSESSED VALUE)

Year Ended December 31,	Boonton Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Boonton	Morris County	
2001	\$ 1.38	\$ 0.08	\$ 1.46	\$ 0.45	\$ 0.31	\$ 2.22
2002	1.49	0.07	1.56	0.40	0.38	2.34
2003	1.60	0.04	1.64	0.43	0.39	2.46
2004	1.71	0.07	1.78	0.46	0.42	2.66
2005	1.81	0.06	1.87	0.49	0.44	2.80
2006	1.83	0.06	1.89	0.52	0.46	2.87
2007	* 0.86	0.03	0.89	0.27	0.22	1.38
2008	0.92	0.03	0.95	0.27	0.18	1.41
2009	0.92	0.03	0.95	0.29	0.22	1.46
2010	1.13	0.03	1.16	0.36	0.25	1.78

* Revaluation of Real Property.

^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

BOONTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2010		Taxpayer	2001	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
199 Powerville Rd. Associates	\$ 8,355,600	0.86 %	Satin Realty Co. Inc.	\$ 4,636,600	0.96 %
Shamrock Village LC, MSM	6,737,900	0.70 %	RFL Electronics, Inc.	3,264,200	0.67 %
Witman at Stonehenge, LLC	5,568,700	0.58 %	MSM Boonton & Shamrock Village	2,609,500	0.54 %
RFL Electronics, Inc.	4,292,200	0.44 %	Johanson Associates	2,383,400	0.49 %
Individual Taxpayer #1	3,348,500	0.35 %	Individual Taxpayer #1	2,059,400	0.42 %
Deer Lake Club	2,780,300	0.29 %	Individual Taxpayer #2	1,762,300	0.36 %
Johanson Associates	2,750,000	0.28 %	Individual Taxpayer #3	1,695,700	0.35 %
Individual Taxpayer #2	2,666,700	0.28 %	Wawonaissa Partnership, L.P.	1,552,000	0.32 %
Individual Taxpayer #3	2,620,400	0.27 %	Individual Taxpayer #4	1,459,800	0.30 %
Individual Taxpayer #4	2,482,800	0.26 %	Individual Taxpayer #5	1,312,300	0.27 %
Total	<u>\$ 41,603,100</u>	<u>4.30 %</u>	Total	<u>\$ 22,735,200</u>	<u>4.68 %</u>

Note : Individual Taxpayers listed may be different in 2010 and 2001

Source: Municipal Tax Assessor

Exhibit J-9

BOONTON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 7,270,400	\$ 7,270,400	100.00 %	-0-
2003	7,820,106	7,820,106	100.00 %	-0-
2004	8,459,664	8,459,664	100.00 %	-0-
2005	9,459,520	9,459,520	100.00 %	-0-
2006	9,778,452	9,778,452	100.00 %	-0-
2007	10,033,124	10,033,124	100.00 %	-0-
2008	10,294,694	10,294,694	100.00 %	-0-
2009	10,783,111	10,783,111	100.00 %	-0-
2010	10,937,803	10,937,803	100.00 %	-0-
2011	11,538,729	11,538,729	100.00 %	-0-

^a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Boonton Township School District records including the Certificate and Report of School Taxes (A4F form)

BOONTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2005	\$ 3,350,000		\$ 3,350,000	1.24 %	\$ 782
2006	3,303,000	\$ 93,890	3,396,890	1.16 %	791
2007	3,083,000	64,307	3,147,307	1.01 %	723
2008	2,853,000	33,586	2,886,586	0.90 %	647
2009	2,613,000	115,314	2,728,314	0.89 %	610
2010	2,363,000	74,933	2,437,933	0.80 %	546
2011	2,093,000	50,834	2,143,834	0.70 %	480

^a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions				
2005	\$ 3,350,000	\$ -0-	\$ 3,350,000	0.66 %	\$ 782	
2006	3,303,000	-0-	3,303,000	0.64 %	769	
2007	3,083,000	-0-	3,083,000	0.59 %	708	
2008	2,853,000	-0-	2,853,000	0.25 %	639	
2009	2,613,000	-0-	2,613,000	0.23 %	585	
2010	2,363,000	-0-	2,363,000	0.21 %	529	
2011	2,093,000	-0-	2,093,000	0.22 %	468	

^a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Boonton Township	\$ 3,228,243	100.00 %	\$ 3,228,243
Morris County General Obligation Debt	249,234,104	1.06 %	<u>2,630,692</u>
Subtotal, Overlapping Debt			5,858,935
Boonton Township School District as of June 30, 2011			<u>2,093,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 7,951,935</u></u>

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Boonton. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

BOONTON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis	
2010	\$ 1,016,294,563
2009	1,074,017,866
2008	1,099,520,220
	<u>\$ 3,189,832,649</u>
Average Equalized Valuation of Taxable Property	\$ 1,063,277,550
Debt Limit ^a (3% of Average Equalization Value)	\$ 31,898,326
Net Bonded School Debt as of June 30, 2011	2,093,000
Legal Debt Margin	<u>\$ 29,805,326</u>

	<u>Fiscal Year</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 27,808,447	\$ 30,603,786	\$ 32,364,363	\$ 32,686,142	\$ 31,898,326
Total Net Debt Applicable to Limit	<u>3,083,000</u>	<u>2,853,000</u>	<u>2,613,000</u>	<u>2,363,000</u>	<u>2,093,000</u>
Legal Debt Margin	<u>\$ 24,725,447</u>	<u>\$ 27,750,786</u>	<u>\$ 29,751,363</u>	<u>\$ 30,323,142</u>	<u>\$ 29,805,326</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.09 %	9.32 %	8.07 %	7.23 %	6.56 %

	<u>Fiscal Year</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 16,842,325	\$ 18,266,921	\$ 19,983,734	\$ 21,983,378	\$ 24,691,379
Total Net Debt Applicable to Limit	<u>3,885,000</u>	<u>3,715,000</u>	<u>3,535,000</u>	<u>3,350,000</u>	<u>3,303,000</u>
Legal Debt Margin	<u>\$ 12,957,325</u>	<u>\$ 14,551,921</u>	<u>\$ 16,448,734</u>	<u>\$ 18,633,378</u>	<u>\$ 21,388,379</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.07 %	20.34 %	17.69 %	15.24 %	13.38 %

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

BOONTON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income (thousands of dollars) ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2002	4,269	\$ 241,347,915	\$ 56,535	3.70 %
2003	4,275	243,751,950	57,018	3.70 %
2004	4,280	261,512,280	61,101	2.90 %
2005	4,285	271,227,645	63,297	3.50 %
2006	4,296	293,691,744	68,364	3.70 %
2007	4,356	310,582,800	71,300	3.30 %
2008	4,463	319,225,001	71,527	4.40 %
2009	4,469	305,013,719	68,251 *	7.50 %
2010	4,469 **	305,013,719	68,251 *	7.60 %
2011	4,469 **	305,013,719	68,251 *	N/A

* - Latest Morris County per capita personal income available (2009) was used for calculation purposes.

** - Latest population data available (2009) was used for calculation purposes.

N/A - Information Unavailable.

Source:

^a Population information provided by the New Jersey Department of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by county provided by the New Jersey Department of Labor and Workforce Development

^d Unemployment data provided by the New Jersey Department of Labor and Workforce Development

BOONTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2010		Employer	2001	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Novartis	4,990	N/A			
Atlantic Health	4,933	N/A			
U.S. Army Armament Research and Development	4,442	N/A			
United Parcel Service	2,332	N/A			Information is Not Available
County of Morris	1,959	N/A			
Automatic Data Processing, Inc.	1,924	N/A			
AT&T Corporation	1,550	N/A			
Saint Clare's Health System	1,531	N/A			
BASF Corporation	1,400	N/A			
Avis Budget Group Inc.	1,378	N/A			
Total	26,439	N/A			

N/A - Total amount of employment is not available in order to do the percentage calculation.

Note - Information is for Morris County

Source: Morris County Economic Development Corporation

BOONTON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST SEVEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction:							
Regular	44.0	48.0	48.0	48.0	48.0	48.0	47.0
Support Services:							
Student and Instruction Related Services	8.0	10.5	10.5	10.5	10.0	10.0	9.0
School Administrative Services	1.0	2.0	2.0	2.0	2.5	2.5	2.5
General Administrative Services	1.0	1.5	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Pupil Transportation	1.0						2.3
Business and Other Support Services	2.0	2.0	2.0	2.0	2.0	2.0	2.2
Total	<u>61.0</u>	<u>69.0</u>	<u>69.5</u>	<u>69.5</u>	<u>69.5</u>	<u>69.5</u>	<u>70.0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

BOONTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS,
LAST SEVEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Elementary			% Change in Average Daily Enrollment	Student Attendance Percentage
						Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e		
2005	791	\$ 10,536,935	\$ 13,321	12.37 %	52	1:9.87	513	492	-1.25 %	95.91 %
2006	793	10,916,539	13,766	3.34 %	52	1:10.02	521	502	1.56 %	96.35 %
2007	792	11,194,876	14,135	2.68 %	52	1:10.09	524	507	0.58 %	96.76 %
2008	799	11,784,666	14,749	4.35 %	52	1:1.10	525	504	0.19 %	96.00 %
2009	786	11,973,482	15,233	3.28 %	52	1:9.92	516	496	-1.71 %	96.12 %
2010	809	12,253,982	15,147	-0.57 %	52	1:10.23	532	511	3.10 %	96.05 %
2011	802	12,067,349	15,047	-0.66 %	52	1:9.87	513	494	-3.57 %	96.30 %

^a Enrollment included grades 9-12 students attending Mountain Lakes High School.

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

^c Cost per pupil is the sum as operating expenditures divided by enrollment. This cost per pupil may be different from the State's per pupil calculations.

^d Teaching staff includes only full-time equivalents of certificated staff.

^e Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October district count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Boonton Township School District records

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SEVEN FISCAL YEARS

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Rockaway Valley School							
Square Feet	61,320	61,320	61,320	61,320	61,320	61,320	61,320
Capacity (Students)	537	537	537	537	537	537	537
Enrollment	513	521	524	525	516	532	514

Number of Schools at June 30, 2011
 Elementary = 1

Note: Enrollment is based on the annual October district count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Boonton Township School District Facilities Office

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
ACCOUNT #11-000-261-xxx

<u>School Facility</u>	<u>Project #</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Rockaway Valley School	N/A	\$ 48,726	\$ 40,036	\$ 32,780	\$ 50,616	\$ 37,271	\$ 108,903	\$ 206,945	\$ 152,352	\$ 113,970	\$ 158,674
		<u>\$ 48,726</u>	<u>\$ 40,036</u>	<u>\$ 32,780</u>	<u>\$ 50,616</u>	<u>\$ 37,271</u>	<u>\$ 108,903</u>	<u>\$ 206,945</u>	<u>\$ 152,352</u>	<u>\$ 113,970</u>	<u>\$ 158,674</u>

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Boonton Township School District records

BOONTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
UNAUDITED

	Coverage	Deductible
NJ School Boards Association Insurance Group (NJSBAIG)		
Commercial Package Policy:		
Property Section:		
Blanket Building and Contents	\$ 300,000,000	\$ 5,000
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Electronic Data Processing Equipment	170,000	1,000
Liability Section:		
Comprehensive General Liability	11,000,000	None
Automotive Liability	11,000,000	None
Employee Benefit Liability	11,000,000	1,000
Workers Compensation:		
(A) Statutory Benefits	Included	None
(B) Employers Liability	5,000,000	None
Supplemental Coverage	Included	None
School Board Legal Liability:		
NJSBAIG	11,000,000	5,000
Crime:		
Blanket Employee Dishonesty	25,000	500
Theft/Disappearance/Destruction:		
Inside	5,000	500
Outside	5,000	500
Computer Fraud	50,000	500
Environmental Impairment Liability:		
Limit of Liability - Per Incident	1,000,000	1,000
Fund Annual Aggregate	25,000,000	
Surety Bond Coverage		
Business Administrator/Board Secretary	185,000	
Treasurer of School Monies	185,000	

Source: District records

SINGLE AUDIT SECTION



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Independent Auditors' 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*

The Honorable President and Members
 of the Board of Education
 Boonton Township School District
 County of Morris, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Boonton Township School District, in the County of Morris (the "Board") as of, and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis.

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

The Honorable President and Members
of the Board of Education
Boonton Township School District
Page 2

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

August 2, 2011
Mount Arlington, New Jersey

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance with OMB Circular A-133 and
New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members
of the Board of Education
Boonton Township School District
County of Morris, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Boonton Township School District in the County of Morris (the "Board") 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 State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. The Board's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 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 state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

The Honorable President and Members
of the Board of Education
Boonton Township School District
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control 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.

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

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal or state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

August 2, 2011
Mount Arlington, New Jersey

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) June 30, 2010	Adjustment	Cash Received	Budgetary Expenditures	(Accounts Receivable) June 30, 2011
U.S. Department of Education									
Passed-through State Department of Education:									
General Fund:									
Education Jobs Fund	84.410A	ARRA-0460-11	8/1/10-9/30/12	\$ 23,763			\$ 18,622	\$ (23,763)	\$ (5,141)
Total General Fund							18,622	(23,763)	(5,141)
Special Revenue Fund:									
NCLB Consolidated Grant:									
Title I - Part A	84.010A	NCLB-0460-11	9/1/10-8/31/11	7,324		\$ 500	7,302	(7,824)	(522)
Title II - Part A	84.278A	NCLB-0460-11	9/1/10-8/31/11	10,949		(500)	2,754	(10,449)	(7,695)
Title I - Part A	84.010A	NCLB-0460-10	9/1/09-8/31/10	9,010	\$ (2,942)		2,942		
Title II - Part A	84.278A	NCLB-0460-10	9/1/09-8/31/10	11,920	(9,166)		9,166		
Title II - Part D	84.278A	NCLB-0460-10	9/1/09-8/31/10	92	(92)		92		
Title IV	84.186A	NCLB-0460-10	9/1/09-8/31/10	845	(673)				(673)
					(12,873)		22,256	(18,273)	(8,890)
Special Education Cluster:									
IDEA Part B, Basic	84.027	IDEA-0460-11	9/1/10-8/31/11	155,316			137,415	(155,316)	(17,901)
IDEA Part B, Preschool	84.173	IDEA-0460-11	9/1/10-8/31/11	5,700			5,700	(5,700)	
IDEA Part B, Basic	84.027	IDEA-0460-10	9/1/09-8/31/10	151,546	(65,811)		66,970	(1,159)	
IDEA Part B, Preschool	84.173	IDEA-0460-10	9/1/09-8/31/10	5,428	(5,428)		5,428		
American Recovery and Reinvestment Act:									
IDEA Part B, Basic	84.391	IDEA-0460-09	9/1/09-8/31/11	161,483	(21,284)		86,217	(71,954)	(7,021)
IDEA Part B, Preschool	84.392	IDEA-0460-09	9/1/09-8/31/11	5,844			1,448	(5,844)	(4,396)
Total Special Education Cluster					(92,523)		303,178	(239,973)	(29,318)
Total Special Revenue Fund					(105,396)		325,434	(258,246)	(38,208)
Total U.S. Department of Education					(105,396)		344,056	(282,009)	(43,349)
Total Federal Financial Awards					\$ (105,396)	\$ -0-	\$ 344,056	\$ (282,009)	\$ (43,349)

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) June 30, 2010	Cash Received	Budgetary Expenditures	Balance June 30, 2011	Memo	
							GAAP (Accounts Receivable)	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:									
General Fund:									
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 287,080	\$ (32,547)	\$ 32,547				
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	131,514		119,320	\$ (131,514)		\$ (12,194)	\$ 131,514
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	326,233	(32,259)	32,259				
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	61,642	(6,096)	6,096				
Extraordinary Special Education Aid	11-100-034-5120-473	7/1/10-6/30/11	184,428			(184,428)	\$ (184,428)	(184,428)	184,428
Extraordinary Special Education Aid	10-100-034-5120-473	7/1/09-6/30/10	168,423	(168,423)	168,423				
Nonpublic Transportation	N/A	7/1/10-6/30/11	10,092			(10,092)	(10,092)	(10,092)	10,092
Nonpublic Transportation	N/A	7/1/09-6/30/10	7,611	(7,611)	7,611				
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	256,619		231,309	(256,619)	(25,310)	(25,310)	256,619
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	256,788	(12,735)	12,735				
Total General Fund State Aid				<u>(259,671)</u>	<u>610,300</u>	<u>(582,653)</u>	<u>(219,830)</u>	<u>(232,024)</u>	<u>582,653</u>
Debt Service Fund:									
Debt Service Aid Type II	11-495-034-5120-017	7/1/10-6/30/11	62,818		62,818	(62,818)			62,818
Total Debt Service Fund					<u>62,818</u>	<u>(62,818)</u>			<u>62,818</u>
Total State Financial Awards				<u>\$ (259,671)</u>	<u>\$ 673,118</u>	<u>\$ (645,471)</u>	<u>\$ (219,830)</u>	<u>\$ (232,024)</u>	<u>\$ 645,471</u>

N/A - Not Available

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include federal and state award activity of the Board of Education, Boonton Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of the expenditure of federal and state financial awards are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior year and for the last two payments of the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year and the final payments for the prior year are recognized in the current 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$58,708 for the general fund and \$8,905 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards does not include the TPAF Non-Contributory Insurance and Post Retirement Medical Contributions paid by the state on behalf of the District of \$10,874 and \$230,975, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 23,763	\$ 883,210	\$ 906,973
Special Revenue Fund	267,151		267,151
Debt Service Fund		62,818	62,818
	<u> </u>	<u> </u>	<u> </u>
Total Financial Awards	<u>\$ 290,914</u>	<u>\$ 946,028</u>	<u>\$ 1,236,942</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Boonton Township School District had no loan balances outstanding at June 30, 2011.

NOTE 6. OTHER

The amounts reported as TPAF Non-Contributory Insurance and Post Retirement Benefits Contributions represent the amounts paid by the State on behalf of the District for the year ended June 30, 2011. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2011.

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major State programs.
- An unqualified report was issued on the District's compliance for major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular NJOMB 04-04.
- The District's major state programs for the current fiscal year consisted of the following state aid:

<u>General Fund State Aid:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education Categorical Aid Reimbursed TPAF	11-495-034-5120-089	7/1/10-6/30/11	\$ 131,514	\$ 131,514
Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	256,519	256,519

- The threshold for distinguishing Type A and Type B programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal circular or NJOMB 04-04.

BOONTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2010.