

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, 2012

Comprehensive Annual  
Financial Report

of the

Boonton Township School District  
Board of Education

Boonton Township, New Jersey

For Fiscal Year Ended June 30, 2012

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, New Jersey 07005

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 Superintendent/ Principal  
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 School Business Administrator/ Board Secretary  
 Fax (973) 334-0035

August 31, 2012

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, 2012 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 OMB's Circular 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 487 children during the 2011/2012 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 266 Boonton Township High School students attending Mountain Lakes High School during 2011/2012.

The Honorable President and Members  
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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 2011/2012 fiscal year with an average enrollment of 753 students (which includes the high school students) which is 49 students or 6.11% 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
2011/2012	753	-6.11%
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%

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. Teachers were trained on implementing a new in-class support model and in-depth literacy assessment. This effort continues.

In order to prepare students for 21st Century learning, more than 45 macbooks were purchased. A new network server was replaced to support ongoing technology-based projects. Laptop computers are often used in conjunction with the SMART Boards that are in every classroom. The software program, Study Island, was utilized to address core content and differentiated instruction.

The Honorable President and Members  
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As in past years new books, including teacher resource materials, were purchased for the library/media center. New math textbooks were purchased for grade 7 to align with Mountain Lakes High School. 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 be rolled out for the students during a State mandated "Week of Respect" in early October.

Three (3) of Rockaway Valley School's Four (4) district objectives for 2011-12 were achieved. 1) Increase the number of students scoring in advanced proficient in Math and Language arts and continue to improve achievement for the lowest scoring students: 50% of this goal was met. 2) Enhance articulation between the Boonton Township and Mountain Lakes School Districts: Monthly meetings were conducted and subject area teachers met with grade level peers. 3) Ensure that curriculum meets new Common Core Standards: Curriculum development and implementation was completed. More areas of curriculum will be addressed during the 2012-13 school year. 4) Ensure educational needs of students are met through the budget and obtain additional sources of revenue: All areas have been addressed.

Several health and safety facility items were addressed during the 2011-12 school year. The Library/Media Center Air Conditioning unit failed and was replaced. Several areas of concrete sidewalk were either repaired or replaced. Several electrical controls for the heating system and other electrical circuits were replaced and upgraded. Windows were replaced in three classrooms to provide increased safety and efficiency. The exterior camera monitoring and door release system was replaced and additional paging system speakers in lavatories, offices and work areas were installed as improvements to the district's overall security plan.

The Board of Education approved a bid to install an emergency back-up generator system as part of a state approved "Other Capital Project" to provide protection and security to all building systems and infrastructure including the boilers, well and septic system. As a result of this project the district can remain open to deliver uninterrupted instruction in the event of sustained power outages.

An Outdoor Learning Center named in honor of retired Superintendent/Principal Dr. Roseann Humphrey was installed at the rear of the school with funding provided by the board of education and from a gift from the Class of 2011 to provide an additional outdoor instructional area for the students of Rockaway Valley School.

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.

The Honorable President and Members  
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August 31, 2012

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.

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, 2012.

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, 2012, the District's outstanding debt issues included \$1,823,000 of general obligation bonds and \$25,867 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's Circular 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.

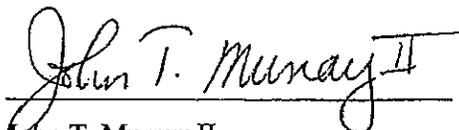
The Honorable President and Member  
of the Board of Education  
Boonton Township School District  
Page 5  
August 31, 2012

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,



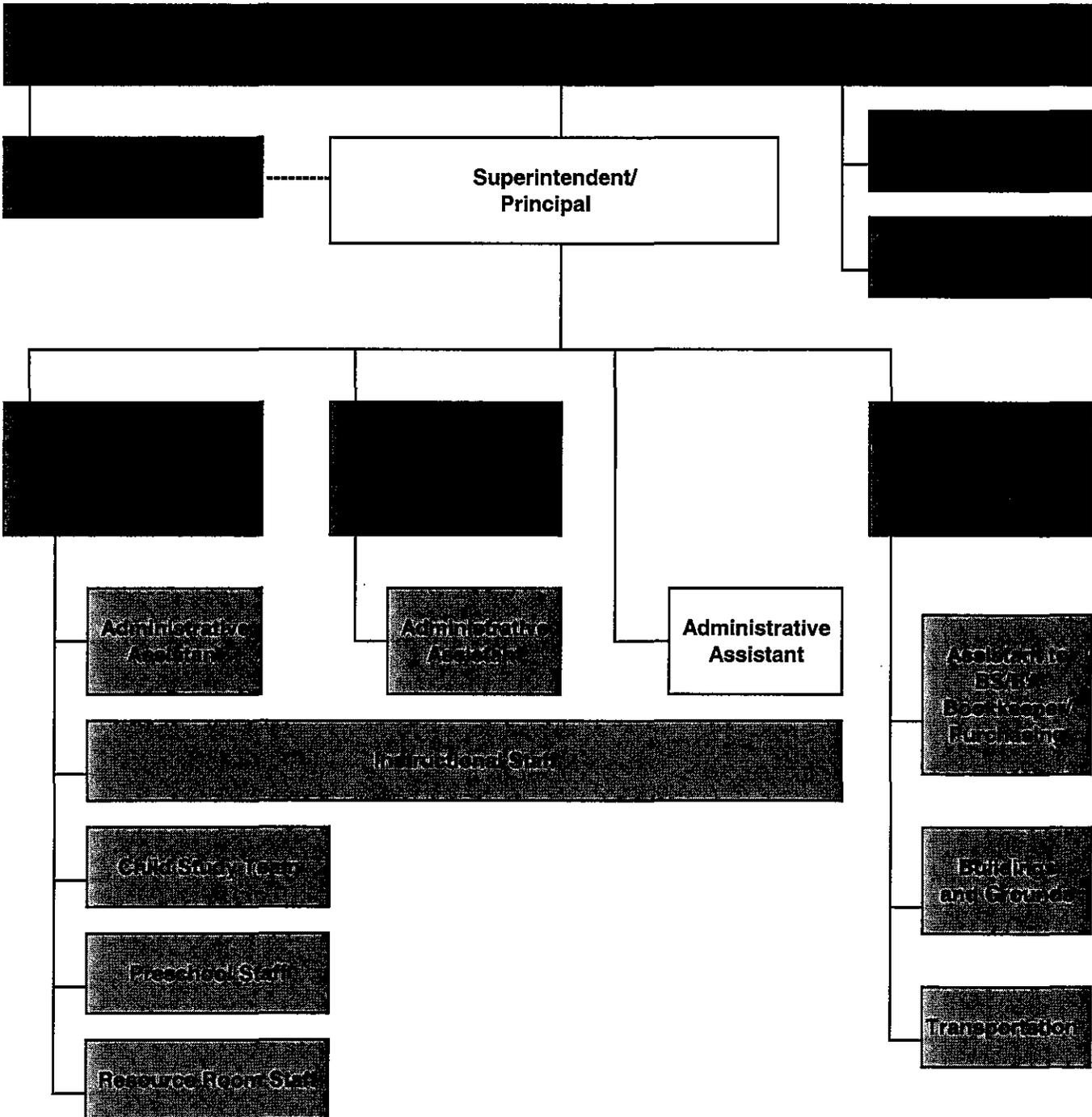
Dr. Gayle Strauss  
Superintendent/ Principal



John T. Murray II  
Business Administrator/Board Secretary

BOONTON TOWNSHIP BOARD OF EDUCATION Boonton Township, New Jersey 07005 EXHIBIT	File Code 2121E
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Boonton Township Board of Education  
Organization Chart



Approved: May 2, 2006

BOONTON TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2012

Members of the Board of EducationTerm Expires

Barry Brantner, President	2014
Patricia Collins, Vice President	2014
Christine Cabana	2015
Adrienne Charlton	2014
William Dodero	2013
Grace McBride	2013
John Sierchio	2013
Jennifer Sowa	2015
Katherine Youngman	2015

Other OfficialsTitle

Dr. Gayle Strauss	Superintendent/Principal
John T. Murray II, RSBA	School Business Administrator/Board Secretary
Lia Lendis	Assistant Principal
Corde Reed	Director of Special Services, LDTC
Norman M. Eckstein	Treasurer of School Monies
Matthew J. Giacobbe (Cleary, Giacobbe, Alfieri, Jacobs, LLC)	School Board Attorney

**BOONTON TOWNSHIP SCHOOL DISTRICT**

Consultants and Advisors  
Year Ended June 30, 2012

**Audit Firm**

Nisivoccia LLP  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Attorney**

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Cleary Giacobbe Alfieri Jacobs, LLC  
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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, 2012 which collectively comprise the Board of Education's basic financial statements as listed in the 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, 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 June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof 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 31, 2012, 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 on 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.

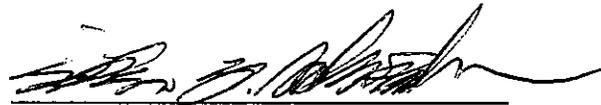
The Honorable President and Members  
of the Board of Education  
Boonton Township School District  
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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements. The accompanying supplementary information schedules such as the combining and individual nonmajor fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining nonmajor and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

August 31, 2012  
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's Discussion and Analysis  
For Fiscal Year Ended June 30, 2012  
(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, 2012. 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 \$662,000 on a district-wide basis and over \$657,000 of that was within the Governmental Activities, in spite of reduced state aid for several years.
- Overall revenue was \$13.22 million.
- Actual General Fund revenue (net of TPAF Pension, Post Retirement Contributions and Social Security) was over \$45,451 higher than expected, primarily in extraordinary state aid and non public transportation.
- Enrollment in the District decreased in 2011/2012; 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**

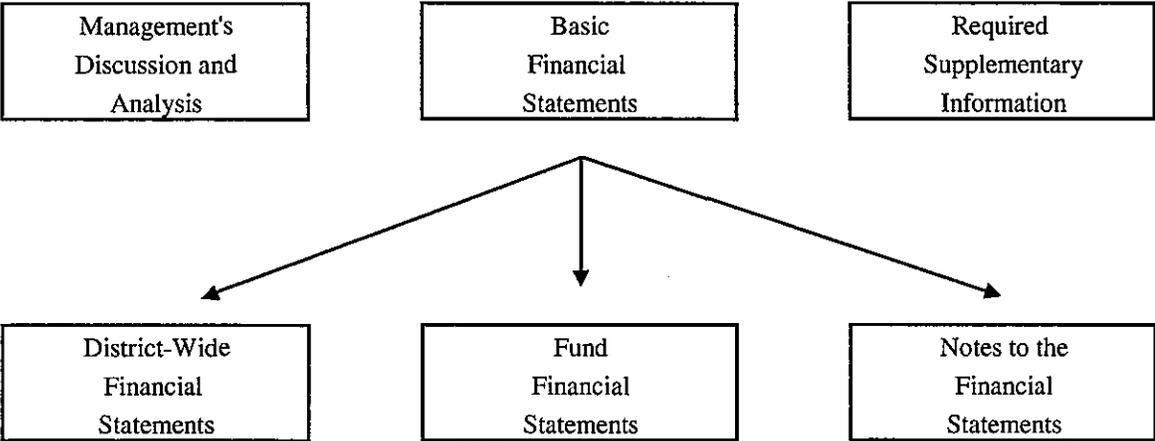


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenue, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Revenues, Expenditures, and Changes in Net Assets</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Assets</li> <li>• Statement of Fiduciary Net Assets</li> </ul>
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.

Figure A-3

#### Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2011-2012
Current and Other Assets	\$ 1,392,390	\$ 1,013,546	\$ 27,104	\$ 38,001	\$ 1,419,494	\$ 1,051,547	34.99%
Capital Assets	427,881	518,362	15,161	410	443,042	518,772	-14.60%
Total Assets	1,820,271	1,531,908	42,265	38,411	1,862,536	1,570,319	18.61%
Long-Term Debt Outstanding	2,188,903	2,499,945			2,188,903	2,499,945	-12.44%
Other Liabilities	54,626	112,875			54,626	112,875	-51.60%
Total Liabilities	2,243,529	2,612,820			2,243,529	2,612,820	-14.13%
Net Assets:							
Invested in Capital Assets,							
Net of Related Debt/(Deficit)	(1,395,119)	(1,574,638)	15,161	410	(1,379,958)	(1,574,228)	12.34%
Restricted	515,283	318,345			515,283	318,345	61.86%
Unrestricted	456,578	175,381	27,104	38,001	483,682	213,382	126.67%
Total Net Assets/ (Deficit)	\$ (423,258)	\$ (1,080,912)	\$ 42,265	\$ 38,411	\$ (380,993)	\$ (1,042,501)	63.45%

*Changes in net assets.* The District's combined net assets were \$(380,993) on June 30, 2012, \$661,508 or 63.45% higher than the year before. (See Figure A-3). The depreciation factored into the net assets of the District as a negative number is \$106,139 along with serial bonds payment. The net assets of the business-type activities increased \$3,854 or 10.03% (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
	2012	2011	2012	2011	2012	2011	2011-2012
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services			\$ 12,328	\$ 14,636	\$ 12,328	\$ 14,636	-15.77%
Operating Grants and Contributions	\$ 1,294,688	\$ 1,174,124			1,294,688	1,174,124	10.27%
<b>General Revenue:</b>							
Property Taxes	11,809,217	11,538,729			11,809,217	11,538,729	2.34%
Unrestricted Federal and State Aid	61,793	62,818			61,793	62,818	-1.63%
Other	40,739	87,999			40,739	87,999	-53.71%
<b>Total Revenue</b>	<b>13,206,437</b>	<b>12,863,670</b>	<b>12,328</b>	<b>14,636</b>	<b>13,218,765</b>	<b>12,878,306</b>	<b>2.64%</b>
<b>Expenses:</b>							
Instruction	4,873,731	4,591,810			4,873,731	4,591,810	6.14%
Tuition	4,683,915	4,770,992			4,683,915	4,770,992	-1.83%
Pupil & Instruction Services	747,135	681,365			747,135	681,365	9.65%
Administrative and Business	855,829	912,110			855,829	912,110	-6.17%
Maintenance & Operations	687,493	671,785			687,493	671,785	2.34%
Transportation	541,214	455,069			541,214	455,069	18.93%
Other	159,466	191,373	8,474	18,814	167,940	210,187	-20.10%
<b>Total Expenses</b>	<b>12,548,783</b>	<b>12,274,504</b>	<b>8,474</b>	<b>18,814</b>	<b>12,557,257</b>	<b>12,293,318</b>	<b>2.15%</b>
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ 657,654</b>	<b>\$ 589,166</b>	<b>\$ 3,854</b>	<b>\$ (4,178)</b>	<b>\$ 661,508</b>	<b>\$ 584,988</b>	<b>13.08%</b>

*Revenue Sources.* The District's total revenue for the 2011/2012 school year was \$13,218,765. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$11,809,217 of the total, or 89.34%. (See Figure A-5). Another 10.27% 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 \$1,013,232, there is \$328,173 included in funds that are not paid to the District for Pension Contributions 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**

<u>Sources of Income</u>	<u>Amount</u>	<u>Percentage</u>
State Formula Aid	\$ 343,249	2.60%
Property Taxes	11,809,217	89.34%
Federal and State Categorical Grants	1,013,232	7.67%
Charges for Services	12,328	0.09%
Other	40,739	0.30%
	<u>\$ 13,218,765</u>	<u>100.00%</u>

The total cost of all programs and services was \$12,557,257. The District's expenses are predominantly related to instructing, tuition, caring for (pupil services) and transporting students (86.37%). (See Figure A-6). The District's administrative and business activities accounted for 6.82% of total costs.

Figure A-6

**Expenses for Fiscal Year**

<u>Expense Category</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 4,873,731	38.81%
Tuition	4,683,915	37.30%
Pupil & Instruction Services	747,135	5.95%
Administrative and Business	855,829	6.82%
Maintenance & Operations	687,493	5.48%
Transportation	541,214	4.31%
Other	167,940	1.33%
	<u>\$ 12,557,257</u>	<u>100.00%</u>

Expenditures for 2011/2012 included salaries and benefits for employees which were approximately 35.17% 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 37.30% 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 5.48% 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 2011/2012 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 were 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 4.31%.

Additionally, Special Revenue Fund expenditures from state and federal sources in the amount of \$174,302 and debt service payments for bond interest totaling \$89,875 were paid in 2011/2012.

The 2011/2012 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 \$662,000 on a district-wide basis and over \$657,000 of that was within the Governmental Activities. 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	
	2012	2011	2012	2011
Instruction	\$ 4,873,731	\$ 4,591,810	\$ 3,638,959	\$ 3,717,007
Tuition	4,683,915	4,770,992	4,683,915	4,614,517
Pupil & Instruction Services	747,135	681,365	734,285	648,115
Administrative and Business	855,829	912,110	818,333	875,153
Maintenance & Operations	687,493	671,785	687,493	671,785
Transportation	541,214	455,069	531,644	382,430
Other	159,466	191,373	159,466	191,373
<b>Total</b>	<b>\$ 12,548,783</b>	<b>\$ 12,274,504</b>	<b>\$ 11,254,095</b>	<b>\$ 11,100,380</b>

- The cost of all governmental activities this year was \$12.55 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$1,013,232).
- Most of the District's costs, however, were financed by District taxpayers (\$11.81 million).
- A portion of governmental activities was financed with \$343,249 in state aid.
- The remainder of the funding came from miscellaneous revenue and investment earnings (\$40,739).

### Business-Type Activities

Net assets from the District's business-type activity increased by \$3,854, primarily due to purchases of additional lunch room equipment (refer to Figure A-4).

### Financial Analysis of the District's Funds

The District's financial position improved significantly 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 2011-2012
	2012	2011	2012	2011	2012	2011	
	Buildings & Improvements	\$ 153,662	\$ 206,406			\$ 153,662	
Machinery and Equipment	274,219	311,956	\$ 15,161	\$ 410	289,380	312,366	-7.36%
Total	\$ 427,881	\$ 518,362	\$ 15,161	\$ 410	\$ 443,042	\$ 518,772	-14.60%

During the fiscal year, the District acquired \$30,409 in equipment and depreciated \$106,139 of its capital assets.

**Long-Term Debt**

At year-end, the District had \$2,188,903 in general obligation bonds and other long-term debt outstanding – a reduction of \$311,042 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**

	<u>Total School District</u>		Total Percentage Change
			-
General Obligation Bonds (Financed with Property Taxes)	\$ 1,823,000	\$ 2,093,000	-12.90%
Other Long Term Debt	<u>365,903</u>	<u>406,945</u>	-10.09%
Total	<u>\$ 2,188,903</u>	<u>\$ 2,499,945</u>	-12.44%

- The District continued to pay down its debt, retiring \$270,000 of general obligation bonds, \$24,967 of Capital Leases and \$16,229 of ERIP obligations.
- The District also had a net increase in Compensated Absences payable of \$154.

**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 unassigned 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

Exhibit A-1

BOONTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 844,359	\$ 27,104	\$ 871,463
Receivables from Federal Government	56,001		56,001
Receivables from State Government	195,721		195,721
Other Receivables	17		17
Restricted Assets:			
Capital Reserve Account - Cash	48,292		48,292
Maintenance Reserve Account - Cash	165,000		165,000
Tuition Reserve Account - Cash	83,000		83,000
Capital Assets, Net	427,881	15,161	443,042
Total Assets	<u>1,820,271</u>	<u>42,265</u>	<u>1,862,536</u>
<b>LIABILITIES</b>			
Accounts Payable - Vendors	43,053		43,053
Interfund Payable	10,525		10,525
Deferred Revenue	1,048		1,048
Noncurrent Liabilities:			
Due Within One Year	312,096		312,096
Due Beyond One Year	1,876,807		1,876,807
Total Liabilities	<u>2,243,529</u>		<u>2,243,529</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt/(Deficit)	(1,395,119)	15,161	(1,379,958)
Restricted for:			
Capital Projects	48,292		48,292
Other Purposes	466,991		466,991
Unrestricted	456,578	27,104	483,682
Total Net Assets/ (Deficit)	<u>\$ (423,258)</u>	<u>\$ 42,265</u>	<u>\$ (380,993)</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, 2012

Functions/Programs	Program Revenue			Net Expense and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 3,780,572		\$ 435,377	\$ (3,345,195)		\$ (3,345,195)
Special Education	838,247		770,850	(67,397)		(67,397)
Other Special Instruction	157,340		18,395	(138,945)		(138,945)
School Sponsored/Other Instruction	97,572		10,150	(87,422)		(87,422)
<b>Support Services:</b>						
Tuition	4,683,915			(4,683,915)		(4,683,915)
Student & Instruction Related Services	747,135		12,850	(734,285)		(734,285)
General Administrative Services	263,243			(263,243)		(263,243)
School Administrative Services	328,005		37,496	(290,509)		(290,509)
Central Services	220,126			(220,126)		(220,126)
Administration Information Technology	44,455			(44,455)		(44,455)
Plant Operations and Maintenance	687,493			(687,493)		(687,493)
Pupil Transportation	541,214		9,570	(531,644)		(531,644)
Unallocated Depreciation	69,419			(69,419)		(69,419)
Capital Outlay	172			(172)		(172)
Interest on Long-Term Debt	89,875			(89,875)		(89,875)
<b>Total Governmental Activities</b>	<b>12,548,783</b>		<b>1,294,688</b>	<b>(11,254,095)</b>		<b>(11,254,095)</b>
<b>Business-Type Activities:</b>						
Food Service	8,474	\$ 12,328			\$ 3,854	3,854
<b>Total Business-Type Activities</b>	<b>8,474</b>	<b>12,328</b>			<b>3,854</b>	<b>3,854</b>
<b>Total Primary Government</b>	<b>\$ 12,557,257</b>	<b>\$ 12,328</b>	<b>\$ 1,294,688</b>	<b>\$ (11,254,095)</b>	<b>\$ 3,854</b>	<b>\$ (11,250,241)</b>
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property Taxes, Levied for General Purposes, Net				\$ 11,510,636		\$ 11,510,636
Taxes Levied for Debt Service				298,581		298,581
Federal and State Aid Not Restricted				61,793		61,793
Interest Earned on Capital Reserve Funds				66		66
Miscellaneous Income				40,673		40,673
<b>Total General Revenue</b>				<b>11,911,749</b>		<b>11,911,749</b>
<b>Change in Net Assets</b>				<b>657,654</b>	<b>\$ 3,854</b>	<b>661,508</b>
<b>Net Assets - Beginning/(Deficit)</b>				<b>(1,080,912)</b>	<b>38,411</b>	<b>(1,042,501)</b>
<b>Net Asset - Ending/(Deficit)</b>				<b>\$ (423,258)</b>	<b>\$ 42,265</b>	<b>\$ (380,993)</b>

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

BOONTON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 844,359			\$ 844,359
Receivables From Federal Government	744	\$ 55,257		56,001
Receivables From State Government	195,721			195,721
Other Receivables	17			17
Interfund Receivable	55,257			55,257
Restricted Cash and Cash Equivalents	296,292			296,292
<b>Total Assets</b>	<b>\$ 1,392,390</b>	<b>\$ 55,257</b>	<b>\$ -0-</b>	<b>\$ 1,447,647</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable - Vendors	\$ 43,053			\$ 43,053
Interfund Payable	10,525	55,257		65,782
Deferred Revenue	1,048			1,048
<b>Total Liabilities</b>	<b>54,626</b>	<b>55,257</b>		<b>109,883</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve	48,292			48,292
Maintenance Reserve	165,000			165,000
Tuition Reserve	83,000			83,000
Excess Surplus	103,384			103,384
Excess Surplus - Designated for Subsequent Year's Expenditures	115,607			115,607
<b>Assigned:</b>				
Year-End Encumbrances	414,081			414,081
Designated for Subsequent Year's Expenditures	136,366			136,366
<b>Unassigned:</b>				
General Fund	272,034			272,034
<b>Total Fund Balances</b>	<b>1,337,764</b>			<b>1,337,764</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,392,390</b>	<b>\$ 55,257</b>	<b>\$ -0-</b>	<b>\$ 1,447,647</b>

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

Total Fund Balances from Above	\$ 1,337,764
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,717,063, and the accumulated depreciation is \$2,289,183.	427,881
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.	(2,188,903)
<b>Net Assets/ (Deficit) of Governmental Activities</b>	<b>\$ (423,258)</b>

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, 2012**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>				
<b>Local Sources:</b>				
Local Tax Levy	\$ 11,510,636		\$ 298,581	\$ 11,809,217
Tuition	5,542			5,542
Interest Earned on Capital Reserve Funds	66			66
Miscellaneous	35,131			35,131
<b>Total - Local Sources</b>	<b>11,551,375</b>		<b>298,581</b>	<b>11,849,956</b>
State Sources	1,120,164		61,271	1,181,435
Federal Sources	744	\$ 174,302		175,046
<b>Total Revenue</b>	<b>12,672,283</b>	<b>174,302</b>	<b>359,852</b>	<b>13,206,437</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	2,626,796	10,857		2,637,653
Special Education Instruction	461,046	163,445		624,491
Other Special Instruction	108,524			108,524
School Sponsored/Other Instruction	70,638			70,638
<b>Support Services and Undistributed Costs:</b>				
Tuition	4,683,915			4,683,915
Student & Instruction Related Services	608,901			608,901
General Administrative Services	228,752			228,752
School Administrative Services	228,500			228,500
Central Services	176,029			176,029
Administration Information Technology	38,255			38,255
Plant Operations and Maintenance	608,143			608,143
Pupil Transportation	509,755			509,755
Unallocated Benefits	1,845,926			1,845,926
<b>Debt Service:</b>				
Principal			270,000	270,000
Interest and Other Charges			89,875	89,875
Capital Outlay	39,987			39,987
<b>Total Expenditures</b>	<b>12,235,167</b>	<b>174,302</b>	<b>359,875</b>	<b>12,769,344</b>
<b>Excess/ (Deficit) of Revenue Over Expenditures</b>	<b>437,116</b>		<b>(23)</b>	<b>437,093</b>
<b>Net Change in Fund Balances</b>	<b>437,116</b>		<b>(23)</b>	<b>437,093</b>
<b>Fund Balance - July 1</b>	<b>900,648</b>		<b>23</b>	<b>900,671</b>
<b>Fund Balance - June 30</b>	<b>\$ 1,337,764</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 1,337,764</b>

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, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 437,093
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 depreciation differs from capital outlays in the period.		
	Depreciation Expense	\$ (105,329)
	Capital Outlays	<u>14,848</u>
		(90,481)
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 (+).		
		(154)
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. (+)		
		<u>311,196</u>
Change in Net Assets of Governmental Activities		<u><u>\$ 657,654</u></u>

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

BOONTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AS OF JUNE 30, 2012

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ <u>27,104</u>
Total Current Assets	<u>27,104</u>
Non-Current Assets:	
Capital Assets	23,043
Less: Accumulated Depreciation	<u>(7,882)</u>
Total Non-Current Assets	<u>15,161</u>
Total Assets	<u>42,265</u>

NET ASSETS:

Invested in Capital Assets, Net of Related Debt	15,161
Unrestricted	<u>27,104</u>
Total Net Assets	<u>\$ 42,265</u>

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

Exhibit B-5

BOONTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenue:	
Local Sources:	
Daily Sales:	
Special Milk Program	\$ 12,328
	<hr/>
Total Operating Revenue	12,328
	<hr/>
Operating Expenses:	
Cost of Sales	7,465
Miscellaneous Expense	199
Depreciation Expense	810
	<hr/>
Total Operating Expenses	8,474
	<hr/>
Change in Net Assets/Operating Income	3,854
	<hr/>
Net Assets - Beginning of Year	38,411
	<hr/>
Net Assets - End of Year	\$ 42,265
	<hr/> <hr/>

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

Exhibit B-6

BOONTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 12,328
Payments to Suppliers	<u>(7,664)</u>
Net Cash Provided by Operating Activities	<u>4,664</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Purchase of Capital Assets	<u>(15,561)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(15,561)</u>
Net Decrease in Cash and Cash Equivalents	(10,897)
Cash and Cash Equivalents, July 1	<u>38,001</u>
Cash and Cash Equivalents, June 30	<u>\$ 27,104</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 3,854
Adjustment to Reconcile Operating Income to Cash Used for Operating Activities:	
Depreciation	<u>810</u>
Net Cash Provided by Operating Activities	<u>\$ 4,664</u>

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

Exhibit B-7

BOONTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 89,185	\$ 27,438	\$ 5,040
Interfund Receivable - General Fund	525	10,000	
Total Assets	<u>89,710</u>	<u>37,438</u>	<u>5,040</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	47,537		
Due to Student Groups	42,173		
Total Liabilities	<u>89,710</u>		
<u>NET ASSETS:</u>			
Held in Trust for Unemployment Claims		37,438	
Restricted for Memorial Library Fund			5,040
Total Net Assets	<u>\$ -0-</u>	<u>\$ 37,438</u>	<u>\$ 5,040</u>

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, 2012

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust</u>
<b>ADDITIONS:</b>		
Contributions:		
Plan Members	\$ 6,523	
District Contribution	<u>15,605</u>	
Total Contributions	<u>22,128</u>	
Investment Earnings:		
Interest	<u>3</u>	
Net Investment Earnings	<u>3</u>	
Total Additions	<u>22,131</u>	
<b>DEDUCTIONS:</b>		
Unemployment Contribution Payments	22,339	
Other Expenses		<u>\$ 206</u>
Total Deductions	<u>22,339</u>	<u>206</u>
Change in Net Assets	(208)	(206)
Net Assets - Beginning of the Year	<u>37,646</u>	<u>5,246</u>
Net Assets - End of the Year	<u>\$ 37,438</u>	<u>\$ 5,040</u>

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, 2012

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, 2012  
(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 governmental 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, 2012  
(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, 2012  
(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	\$ 12,695,776	\$ 173,659
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		643
Prior Year State Aid Payment Recognized for GAAP Statements	12,194	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(35,687)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 12,672,283	\$ 174,302

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,235,167	\$ 173,659
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.		643
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,235,167</u>	<u>\$ 174,302</u>

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, 2012  
(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, 2012.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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. 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, 2012.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(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, 2012, \$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 prior year excess surplus and is designated for subsequent year's expenditures in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701); \$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, 2012 is \$-0-.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), 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, 2012 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, 2012  
(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 \$1,395,119 deficit in net assets invested in capital assets, net of related debt in its governmental activities at June 30, 2012, primarily due to the capital assets for the governmental fund of \$518,362 net of depreciation offset by \$2,093,000 of outstanding serial bonds at June 30, 2012. 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 District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, a maintenance reserve, a tuition reserve and excess surplus.

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, 2012.

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 2012/2013 budget and year-end encumbrances at June 30, 2012.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

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

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.

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, 2012  
(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, 2012**  
(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, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Restricted Cash and Cash Equivalents			Cash and Cash Equivalents
	Capital Reserve	Maintenance Reserve	Tuition Reserve	
Checking & Savings Accounts	\$ 48,292	\$ 165,000	\$ 83,000	\$ 781,398
NJ Cash Management Fund				211,728
	\$ 48,292	\$ 165,000	\$ 83,000	\$ 993,126

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2012, was \$966,774 and the bank balance was \$1,072,263. The \$211,728 in the NJ Cash Management Fund is uninsured and unregistered.

**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, 2011 to June 30, 2012 fiscal year is as follows:

Balance at June 30,	\$ 48,226
Increases: Board Transfer	66
Balance at June 30,	\$ 48,292

The June 30, 2012 Long Range Facilities Plan balance of local support costs of uncompleted projects exceeds the balance in the capital reserve account at June 30, 2012.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred \$16,000 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, 2012 were as follows:

	<u>Balance</u> <u>06/30/11</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/12</u>
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 1,867,191			\$ 1,867,191
Machinery and Equipment	835,025	\$ 14,848		849,873
Total Capital Assets Being Depreciated	<u>2,702,216</u>	<u>14,848</u>		<u>2,717,064</u>
Governmental Activities Capital Assets	<u>2,702,216</u>	<u>14,848</u>		<u>2,717,064</u>
Less Accumulated Depreciated for:				
Buildings and Building Improvements	(1,660,785)	(52,744)		(1,713,529)
Machinery and Equipment	(523,069)	(52,585)		(575,654)
Total Accumulated Depreciation	<u>(2,183,854)</u>	<u>(105,329)</u>		<u>(2,289,183)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 518,362</u>	<u>\$ (90,481)</u>	<u>\$ -0-</u>	<u>\$ 427,881</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 7,482	\$ 15,561		\$ 23,043
Less Accumulated Depreciation	(7,072)	(810)		(7,882)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 410</u>	<u>\$ 14,751</u>	<u>\$ -0-</u>	<u>\$ 15,161</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 7,578
Special Education Instruction	8,197
General Administrative Services	1,053
Operations and Maintenance of Plant	707
Transportation	18,375
General/Unallocated	69,419
	<u>\$ 105,329</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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, 2012 were \$19,677. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2013	\$ 14,758
	<u>\$ 14,758</u>

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> 06/30/11	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> 06/30/12
Bonds Payable	\$ 2,093,000		\$ 270,000	\$ 1,823,000
Compensated Absences Payable	193,821	\$ 12,693	12,539	193,975
ERIP Accrued Liability	162,290		16,229	146,061
Capital Leases Payable	50,834		24,967	25,867
	<u>\$ 2,499,945</u>	<u>\$ 12,693</u>	<u>\$ 323,735</u>	<u>\$ 2,188,903</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, 2012 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%	\$ 268,000
05/01/20	3.375-4.000%	<u>1,555,000</u>
		<u>\$ 1,823,000</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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>	
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	195,000	30,400	225,400
2018-2020	565,000	44,600	609,600
	<u>\$ 1,823,000</u>	<u>\$ 305,695</u>	<u>\$ 2,128,695</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, 2012, 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, 2012.

<u>Year</u>	<u>Amount</u>
2013	\$ 26,561
Total minimum lease payments	26,561
Less: Amount representing interest	(694)
Present value of net minimum lease payments	<u>\$ 25,867</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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, 2012 is \$25,867.

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 \$193,975. 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>
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>\$ 146,061</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. The TPAF and the PERS 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. As a general rule, all full-time employees are eligible to join the TPAF or the PERS.

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 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, 2012

(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. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS and TPAF went from 5.5% to 6.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF.

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 \$70,009, \$71,730 and \$55,546 for 2012, 2011 and 2010, respectively.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$109,018, \$-0- and \$-0-, respectively, to the TPAF for 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 Law amended the law to eliminate the funding of post-retirement medical benefits through 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, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding 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, P.L. 1992 c. 126, 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State's on behalf Post Retirement Medical Contributions for TPAF for the District were \$219,155, \$230,975 and \$220,674 for 2012, 2011 and 2010, respectively.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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, permit 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, 2012  
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

The audit report for the fiscal year ended June 30, 2012 was not available as of the date of this report. Selected financial information for the NJSBAIG as of June 30, 2011 is as follows:

	<u>New Jersey School Board's Association Insurance Group</u>
Total Assets	\$ 253,890,161
Net Assets	\$ 62,802,257
Total Revenue	\$ 83,993,678
Total Expenses	\$ 79,175,491
Change in Net Assets	\$ 4,818,187
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](http://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>
2011/2012	\$ 15,605	\$ 6,526	\$ 22,339	\$ 37,438
2010/2011	1,266	20,629	39,862	37,646
2009/2010	-0-	20	13,278	55,613

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 55,257	\$ 10,525
Special Revenue		55,257
Payroll Agency Fund	525	
Fiduciary Fund	10,000	
	<u>\$ 65,782</u>	<u>\$ 65,782</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 Payroll Agency Fund represents a refund that the General Fund owes to Payroll Agency Fund. 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, 2012  
(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, 2012, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 414,081	\$ 440	\$ 414,521

On the District's Governmental Fund balance Sheet as of June 30, 2012, \$-0- is assigned for year-end encumbrance in the Special Revenue Fund, which is \$440 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as a reduction in grants receivables in the Special Revenue Fund.

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 restricted 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.

NOTE 18. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$130,450 was established by the Boonton Township School District during the year ended June 30, 2012. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 18. MAINTENANCE RESERVE ACCOUNT (Cont'd)

efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance of by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance at June 30, 2011	\$ -0-
Increases: Board Transfer- June 27, 2012	<u>165,000</u>
Balance at June 30, 2012	<u><u>\$ 165,000</u></u>

BUDGETARY COMPARISON SCHEDULES

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 11,510,636		\$ 11,510,636	\$ 11,510,636	
Tuition				5,542	\$ 5,542
Interest Earned on Capital Reserve Funds	50		50	66	16
Miscellaneous	53,481		53,481	35,131	(18,350)
Total - Local Sources	<u>11,564,167</u>		<u>11,564,167</u>	<u>11,551,375</u>	<u>(12,792)</u>
State Sources:					
Categorical Special Education Aid	248,756	\$ 117,242	365,998	365,998	
Extraordinary Aid	138,000		138,000	186,151	48,151
Anti-Bullying Bill of Rights				522	522
Nonpublic Transportation				9,570	9,570
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				109,018	109,018
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				219,155	219,155
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				253,243	253,243
Total State Sources	<u>386,756</u>	<u>117,242</u>	<u>503,998</u>	<u>1,143,657</u>	<u>639,659</u>
Federal Sources:					
Education Jobs Fund		744	744	744	
Total Federal Sources		<u>744</u>	<u>744</u>	<u>744</u>	
<b>TOTAL REVENUES</b>	<u>11,950,923</u>	<u>117,986</u>	<u>12,068,909</u>	<u>12,695,776</u>	<u>626,867</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 164,764	\$ (3,000)	\$ 161,764	\$ 161,044	\$ 720
Grades 1-5 - Salaries of Teachers	1,298,453	(1,280)	1,297,173	1,257,542	39,631
Grades 6-8 - Salaries of Teachers	1,094,100		1,094,100	1,065,134	28,966
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	(4,000)	1,000		1,000
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	2,000	3,054	5,054	4,987	67
Other Purchased Services (400-500 series)	2,820		2,820	1,635	1,185
General Supplies	73,955	72,921	146,876	124,365	22,511
Textbooks	10,000	6,400	16,400	11,999	4,401
Other Objects		90	90	90	
Total Regular Programs - Instruction	<u>2,651,092</u>	<u>74,185</u>	<u>2,725,277</u>	<u>2,626,796</u>	<u>98,481</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	236,274	3,322	239,596	239,596	
Other Salaries for Instruction	26,672	17	26,689	26,689	
General Supplies	1,400	(400)	1,000	288	712
Total Resource Room/Resource Center	<u>264,346</u>	<u>2,939</u>	<u>267,285</u>	<u>266,573</u>	<u>712</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 94,626	\$ (5,760)	\$ 88,866	\$ 85,401	\$ 3,465
Other Salaries for Instruction	84,393	26,206	110,599	109,043	1,556
General Supplies	1,000		1,000	29	971
Total Preschool Disabilities - Full Time	<u>180,019</u>	<u>20,446</u>	<u>200,465</u>	<u>194,473</u>	<u>5,992</u>
Total Special Education - Instruction	<u>444,365</u>	<u>23,385</u>	<u>467,750</u>	<u>461,046</u>	<u>6,704</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	67,490	19,962	87,452	86,188	1,264
General Supplies	340	559	899	899	
Total Basic Skills/Remedial - Instruction	<u>67,830</u>	<u>20,521</u>	<u>88,351</u>	<u>87,087</u>	<u>1,264</u>
Bilingual Education - Instruction:					
Salaries of Teachers	21,437		21,437	21,437	
Total Bilingual Education - Instruction	<u>21,437</u>		<u>21,437</u>	<u>21,437</u>	
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	23,562	5,190	28,752	28,751	1
Supplies and Materials	200		200		200
Other Objects	100		100		100
Total School-Sponsored Cocurricular Activities - Instruction	<u>23,862</u>	<u>5,190</u>	<u>29,052</u>	<u>28,751</u>	<u>301</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 36,821	\$ (5,189)	\$ 31,632	\$ 30,631	\$ 1,001
Supplies and Materials	3,385	(408)	2,977	558	2,419
Other Objects	1,485	408	1,893	1,893	
Transfer to Cover Deficit	9,988		9,988	8,805	1,183
Total School-Sponsored Athletics - Instruction	<u>51,679</u>	<u>(5,189)</u>	<u>46,490</u>	<u>41,887</u>	<u>4,603</u>
Total Instruction	<u>3,260,265</u>	<u>118,092</u>	<u>3,378,357</u>	<u>3,267,004</u>	<u>111,353</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,868,290		3,868,290	3,868,290	
Tuition to Other LEAs Within the State - Special	262,333	(156,771)	105,562	85,472	20,090
Tuition to County Vocational School District - Regular	9,115	32,194	41,309	41,309	
Tuition to Private Schools for the Handicapped - Within State	797,136	(31,100)	766,036	688,844	77,192
Total Undistributed Expenditures - Instruction	<u>4,936,874</u>	<u>(155,677)</u>	<u>4,781,197</u>	<u>4,683,915</u>	<u>97,282</u>
Health Services:					
Salaries	88,832	25,274	114,106	114,105	1
Purchased Professional and Technical Services	6,300	(1,556)	4,744	3,744	1,000
Supplies and Materials	3,700	4,613	8,313	8,307	6
Other Objects	600	(455)	145	145	
Total Health Services	<u>99,432</u>	<u>27,876</u>	<u>127,308</u>	<u>126,301</u>	<u>1,007</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 51,919		\$ 51,919	\$ 51,919	
Purchased Professional - Educational Services	81,160	\$ 31,295	112,455	82,111	\$ 30,344
Supplies and Materials	1,050	(43)	1,007	1,007	
Total Speech, OT, PT & Related Services	<u>134,129</u>	<u>31,252</u>	<u>165,381</u>	<u>135,037</u>	<u>30,344</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	80,316	26,880	107,196	96,771	10,425
Purchased Professional- Educational Services	1,160	(1,160)			
Total Other Support Services - Students - Extraordinary Services	<u>81,476</u>	<u>25,720</u>	<u>107,196</u>	<u>96,771</u>	<u>10,425</u>
Guidance:					
Salaries of Other Professional Staff	23,608		23,608	22,243	1,365
Supplies and Materials	615		615	364	251
Total Guidance	<u>24,223</u>		<u>24,223</u>	<u>22,607</u>	<u>1,616</u>
Child Study Teams:					
Salaries of Other Professional Staff	99,804		99,804	99,372	432
Salaries of Secretarial and Clerical Assistants	20,058		20,058	20,058	
Purchased Professional - Educational Services	18,000	(6,168)	11,832	7,412	4,420
Other Purchased Professional and Technical Services	2,500		2,500	2,282	218
Other Purchased Services (400-500 series other than resid costs)	500		500	469	31
Supplies and Materials	3,000	7,200	10,200	3,907	6,293
Other Objects	1,500	700	2,200	2,176	24
Total Child Study Teams	<u>145,362</u>	<u>1,732</u>	<u>147,094</u>	<u>135,676</u>	<u>11,418</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 3,200	\$ 4,800	\$ 3,200	\$ 1,600
Total Improvement of Instruction Services	<u>1,600</u>	<u>3,200</u>	<u>4,800</u>	<u>3,200</u>	<u>1,600</u>
Educational Media Services/School Library:					
Salaries	34,721		34,721	34,721	
Salaries of Technology Coordinators	32,905		32,905	32,905	
Other Purchased Services (400-500 series)	11,075	584	11,659	11,646	13
Supplies and Materials	6,800	150	6,950	6,215	735
Other Objects	70		70	65	5
Total Educational Media Services/School Library	<u>85,571</u>	<u>734</u>	<u>86,305</u>	<u>85,552</u>	<u>753</u>
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	6,000	1,800	7,800	3,757	4,043
Supplies and Materials	500	(300)	200		200
Other Objects	800	(500)	300		300
Total Instructional Staff Training Services	<u>7,300</u>	<u>1,000</u>	<u>8,300</u>	<u>3,757</u>	<u>4,543</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 118,937		\$ 118,937	\$ 118,243	\$ 694
Legal Services	19,000		19,000	5,475	13,525
Audit Fees	32,150		32,150	32,150	
Other Purchased Professional Services	3,900	\$ 11,770	15,670	5,900	9,770
Communications/Telephone	28,125	(6,500)	21,625	11,876	9,749
BOE Other Purchased Services	2,000		2,000	801	1,199
Miscellaneous Purchased Services (400-500) (Other than 530&585)	35,436	(3,979)	31,457	26,819	4,638
General Supplies	8,500	9,000	17,500	17,360	140
BOE In-House Training/Meeting Supplies	2,000		2,000	1,066	934
Miscellaneous Expenditures	5,970		5,970	2,559	3,411
BOE Membership Dues and Fees	7,000		7,000	6,503	497
<b>Total Support Services - General Administration</b>	<b>263,018</b>	<b>10,291</b>	<b>273,309</b>	<b>228,752</b>	<b>44,557</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	151,625		151,625	146,197	5,428
Salaries of Other Professional Staff	22,063		22,063	22,063	
Salaries of Secretarial and Clerical Assistants	51,239		51,239	51,119	120
Other Purchased Services (400-500 series)	4,250	125	4,375	2,488	1,887
Supplies and Materials	6,740	1,400	8,140	5,357	2,783
Other Objects	2,150		2,150	1,276	874
<b>Total Support Services - School Administration</b>	<b>238,067</b>	<b>1,525</b>	<b>239,592</b>	<b>228,500</b>	<b>11,092</b>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 157,087	\$ (865)	\$ 156,222	\$ 156,012	\$ 210
Miscellaneous Purchased Services (400-500)	9,700	598	10,298	10,298	
Supplies and Materials	4,500	200	4,700	4,587	113
Miscellaneous Expenditures	3,950	1,190	5,140	5,132	8
<b>Total Central Services</b>	<u>175,237</u>	<u>1,123</u>	<u>176,360</u>	<u>176,029</u>	<u>331</u>
Administration Information Technology:					
Salaries	21,936		21,936	21,936	
Purchased Technical Services	6,500		6,500	3,263	3,237
Other Purchased Services (400-500 series)	10,700	200	10,900	6,244	4,656
Supplies and Materials	3,500	39	3,539	3,144	395
Other Objects	6,200	(200)	6,000	3,668	2,332
<b>Total Administration Information Technology</b>	<u>48,836</u>	<u>39</u>	<u>48,875</u>	<u>38,255</u>	<u>10,620</u>
Required Maintenance for School Facilities:					
Salaries	45,618		45,618	45,618	
Cleaning, Repair and Maintenance Services	89,274	145,078	234,352	122,640	111,712
General Supplies	17,400	5,479	22,879	15,229	7,650
<b>Total Required Maintenance for School Facilities</b>	<u>152,292</u>	<u>150,557</u>	<u>302,849</u>	<u>183,487</u>	<u>119,362</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 234,328	\$ 169	\$ 234,497	\$ 222,000	\$ 12,497
Purchased Professional and Technical Services	7,000		7,000	2,270	4,730
Cleaning, Repair and Maintenance Services	67,870	(2,664)	65,206	42,535	22,671
Other Purchased Property Services	5,200		5,200	4,710	490
Insurance	29,000	(681)	28,319	26,664	1,655
Miscellaneous Purchased Services	500		500	193	307
General Supplies	23,072		23,072	21,304	1,768
Energy (Electricity)	74,000		74,000	47,634	26,366
Other Objects	700		700	240	460
Energy (Natural Gas)	76,000		76,000	40,836	35,164
Total Custodial Services	<u>517,670</u>	<u>(3,176)</u>	<u>514,494</u>	<u>408,386</u>	<u>106,108</u>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	16,500		16,500	16,270	230
Total Care and Upkeep of Grounds	<u>16,500</u>		<u>16,500</u>	<u>16,270</u>	<u>230</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 38,811		\$ 38,811	\$ 38,649	\$ 162
Salaries (Between Home & School) - Special Education	4,165		4,165	3,465	700
Salaries (Other Than Between Home & School)	10,000		10,000	4,176	5,824
Cleaning, Repair and Maintenance Services	5,000		5,000	3,440	1,560
Contracted Services:					
Between Home & School - Vendors	243,965	\$ (11,172)	232,793	195,649	37,144
Other Than Between Home & School - Vendors	3,500	8,514	12,014	12,014	
Special Education Students - Vendors	17,000	(1,800)	15,200	15,000	200
Regular Students - ESCs & CTSA's	4,700	12,300	17,000	11,208	5,792
Special Education Students - ESC's & CTSA's	249,822	(44,908)	204,914	175,463	29,451
Aid in Lieu of Payments - Non Public School	54,000		54,000	42,550	11,450
Miscellaneous Purchased Services - Transportation	4,000		4,000	728	3,272
General Supplies	7,219	800	8,019	7,238	781
Other Objects	1,000		1,000	175	825
Total Student Transportation Services	<u>643,182</u>	<u>(36,266)</u>	<u>606,916</u>	<u>509,755</u>	<u>97,161</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 75,000	\$ 7,853	\$ 82,853	\$ 82,740	\$ 113
TPAF Contributions - ERIP	17,000		17,000	16,245	755
Other Retirement Contributions - PERS	72,089		72,089	70,009	2,080
Unemployment Compensation	10,000		10,000	10,000	
Workmen's Compensation	40,000	681	40,681	40,681	
Health Benefits	1,063,225	10,909	1,074,134	1,044,735	29,399
Tuition Reimbursement	27,500		27,500		27,500
Other Employee Benefits	300	12,539	12,839	100	12,739
Total Unallocated Benefits	<u>1,305,114</u>	<u>31,982</u>	<u>1,337,096</u>	<u>1,264,510</u>	<u>72,586</u>
TPAF Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				109,018	(109,018)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				219,155	(219,155)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				253,243	(253,243)
Total On-Behalf Contributions				<u>581,416</u>	<u>(581,416)</u>
Total Personal Services - Employee Benefits	<u>1,305,114</u>	<u>31,982</u>	<u>1,337,096</u>	<u>1,845,926</u>	<u>(508,830)</u>
Total Undistributed Expenses	<u>8,875,883</u>	<u>91,912</u>	<u>8,967,795</u>	<u>8,928,176</u>	<u>39,619</u>
Total Expenditures - Current Expense	<u>12,136,148</u>	<u>210,004</u>	<u>12,346,152</u>	<u>12,195,180</u>	<u>150,972</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	\$ 11,805	\$ 16,000	\$ 27,805	\$ 24,598	\$ 3,207
School Buses - Regular	14,756		14,756	14,756	
Total Equipment	<u>26,561</u>	<u>16,000</u>	<u>42,561</u>	<u>39,354</u>	<u>3,207</u>
Facilities Acquisition and Construction Services:					
Other Objects	10,813	(4,900)	5,913	633	5,280
Total Facilities Acquisition and Construction Services	<u>10,813</u>	<u>(4,900)</u>	<u>5,913</u>	<u>633</u>	<u>5,280</u>
Total Expenditures - Capital Outlay	<u>37,374</u>	<u>11,100</u>	<u>48,474</u>	<u>39,987</u>	<u>8,487</u>
TOTAL EXPENDITURES	<u>12,173,522</u>	<u>221,104</u>	<u>12,394,626</u>	<u>12,235,167</u>	<u>159,459</u>

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ (222,599)	\$ (103,118)	\$ (325,717)	\$ 460,609	\$ 786,326
Fund Balance, July 1	912,842		912,842	912,842	
Fund Balance, June 30	<u>\$ 690,243</u>	<u>\$ (103,118)</u>	<u>\$ 587,125</u>	<u>\$ 1,373,451</u>	<u>\$ 786,326</u>

Recapitulation:

Restricted Fund Balance:

Capital Reserve	\$ 48,292
Tuition Reserve - Designated for 2012/13 School Year	83,000
Maintenance Reserve	165,000
Excess Surplus	103,384
Excess Surplus- Designated for Subsequent Year's Expenditures	115,607

Assigned Fund Balance:

Year-End Encumbrances	414,081
Designated for Subsequent Year's Expenditures	136,366
Unassigned Fund Balance	<u>307,721</u>

1,373,451

Reconciliation to Governmental Funds Statement (GAAP):

Last State Aid Payments not Recognized on GAAP Basis (35,687)

Fund Balance per Governmental Funds (GAAP) \$ 1,337,764

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 174,536	\$ (877)	\$ 173,659	\$ 173,659	
Total Revenues	<u>174,536</u>	<u>(877)</u>	<u>173,659</u>	<u>173,659</u>	
EXPENDITURES:					
Instruction					
Tuition	<u>157,558</u>		<u>157,558</u>	<u>157,558</u>	
Total Instruction	<u>157,558</u>		<u>157,558</u>	<u>157,558</u>	
Support Services					
Salaries	5,232		5,232	5,232	
Personal Services - Employee Benefits	401		401	401	
Purchased Professional Educational Services	5,681	4,347	10,028	10,028	
Other Purchased Professional and Technical Services	4,787	(4,787)			
Miscellaneous Purchased Services		440	440	440	
Supplies and Materials	<u>877</u>	<u>(877)</u>			
Total Support Services	<u>16,978</u>	<u>(877)</u>	<u>16,101</u>	<u>16,101</u>	
Total Expenditures	<u>174,536</u>	<u>(877)</u>	<u>173,659</u>	<u>173,659</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, 2012  
UNAUDITED

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	\$ 12,695,776	\$ 173,659
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		643
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	12,194	
Current Year State Aid Payments Recognized for Budgetary Statements, not Recognized for GAAP Statements	(35,687)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 12,672,283	\$ 174,302
Uses/Outflows of Resources		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,235,167	\$ 173,659
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.		643
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 12,235,167	\$ 174,302

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election in April, 2011. 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). All budget amendments/transfers must be made by School Board resolution. All budgetary 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 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.

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, 2012

	NCLB Consolidated Grants Title II- Part A	IDEA, Part B Basic	IDEA, Part B Preschool	Totals June 30, 2012
REVENUES				
Federal Sources	\$ 10,420	\$ 157,558	\$ 5,681	\$ 173,659
Total Revenues	<u>10,420</u>	<u>157,558</u>	<u>5,681</u>	<u>173,659</u>
EXPENDITURES:				
Instruction:				
Tuition		157,558		157,558
Total Instruction		<u>157,558</u>		<u>157,558</u>
Support Services:				
Salaries	5,232			5,232
Personal Services - Employee Benefits	401			401
Purchased Professional Educational Services	4,347		5,681	10,028
Miscellaneous Purchased Services	440			440
Total Support Services	<u>10,420</u>		<u>5,681</u>	<u>16,101</u>
Total Expenditures	<u>\$ 10,420</u>	<u>\$ 157,558</u>	<u>\$ 5,681</u>	<u>\$ 173,659</u>

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

Exhibit G-1

BOONTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 27,104
---------------------------	-----------

Total Current Assets	27,104
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## Non-Current Assets:

Capital Assets	23,043
----------------	--------

Accumulated Depreciation	(7,882)
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Total Non-Current Assets	15,161
--------------------------	--------

Total Assets	42,265
--------------	--------

NET ASSETS:

Invested in Capital Assets, Net of Related Debt	15,161
---	--------

Unrestricted	27,104
--------------	--------

Total Net Assets	\$ 42,265
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## Exhibit G-2

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, 2012

Operating Revenue:	
Local Sources:	
Daily Sales:	
Special Milk Program	\$ 12,328
	<hr/>
Total Operating Revenue	12,328
	<hr/>
Operating Expenses:	
Cost of Sales	7,465
Miscellaneous	199
Depreciation	810
	<hr/>
Total Operating Expenses	8,474
	<hr/>
Change in Net Assets/ Operating Income	3,854
	<hr/>
Net Assets - Beginning of Year	38,411
	<hr/>
Net Assets - End of Year	\$ 42,265
	<hr/> <hr/>

## Exhibit G-3

BOONTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 12,328
Payments to Suppliers	<u>(7,664)</u>
Net Cash Provided by Operating Activities	<u>4,664</u>
Cash Flows from Capital and Related Financing Activities:	
Capital Purchase of Capital Assets	<u>(15,561)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(15,561)</u>
Net Decrease in Cash and Cash Equivalents	(10,897)
Cash and Cash Equivalents, July 1	<u>38,001</u>
Cash and Cash Equivalents, June 30	<u>\$ 27,104</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 3,854
Adjustment to Reconcile Operating Income to Cash Used for Operating Activities:	
Depreciation	<u>810</u>
Net Cash Provided by Operating Activities	<u>\$ 4,664</u>

FIDUCIARY FUNDS

BOONTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<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>
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 42,173	\$ 47,012	\$ 89,185	\$ 27,438	\$ 5,040	\$ 121,663
Interfund Receivable - General Fund		525	525	10,000		10,525
Total Assets	<u>42,173</u>	<u>47,537</u>	<u>89,710</u>	<u>37,438</u>	<u>5,040</u>	<u>132,188</u>
<b>LIABILITIES:</b>						
Payroll Deductions and Withholdings		47,537	47,537			47,537
Due to Student Groups	42,173		42,173			42,173
Total Liabilities	<u>42,173</u>	<u>47,537</u>	<u>89,710</u>			<u>89,710</u>
<b>NET ASSETS:</b>						
Held in Trust for Unemployment Claims				37,438		37,438
Restricted for Memorial Library Fund					5,040	5,040
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 37,438</u>	<u>\$ 5,040</u>	<u>\$ 42,478</u>

Exhibit H-2

BOONTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Private Purpose Trust	Totals
ADDITIONS:			
Contributions:			
Plan Members	\$ 6,523		\$ 6,523
District Contributions	15,605		15,605
Total Contributions	22,128		22,128
Investment Earnings:			
Interest	3		3
Net Investment Earnings	3		3
Total Additions	22,131		22,131
DEDUCTIONS:			
Unemployment Contribution Payments	22,339		22,339
Other Expenses		\$ 206	206
Total Deductions	22,339	206	22,545
Change in Net Assets	(208)	(206)	(414)
Net Assets—Beginning of the Year	37,646	5,246	42,892
Net Assets—End of the Year	\$ 37,438	\$ 5,040	\$ 42,478

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

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 67,132	\$ 145,268	\$ 170,227	\$ 42,173
<b>Total Assets</b>	<b>\$ 67,132</b>	<b>\$ 145,268</b>	<b>\$ 170,227</b>	<b>\$ 42,173</b>
 <b>LIABILITIES:</b>				
Liabilities:				
Due to Student Groups	\$ 67,132	\$ 145,268	\$ 170,227	\$ 42,173
<b>Total Liabilities</b>	<b>\$ 67,132</b>	<b>\$ 145,268</b>	<b>\$ 170,227</b>	<b>\$ 42,173</b>

BOONTON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Student Activities	\$ 27,157	\$ 54,416	\$ 54,685	\$ 26,888
Athletic Accounts	5,763	18,455	24,013	205
8th Grade Account	<u>34,212</u>	<u>72,397</u>	<u>91,529</u>	<u>15,080</u>
Total All Funds	<u>\$ 67,132</u>	<u>\$ 145,268</u>	<u>\$ 170,227</u>	<u>\$ 42,173</u>

Exhibit H-5

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 78,382	\$ 4,884,862	\$ 4,916,232	\$ 47,012
Interfund Receivable - General Fund		525		525
Total Assets	<u>\$ 78,382</u>	<u>\$ 4,885,387</u>	<u>\$ 4,916,232</u>	<u>\$ 47,537</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 78,382	\$ 1,916,990	\$ 1,947,835	\$ 47,537
Net Payroll		2,968,397	2,968,397	
Total Liabilities	<u>\$ 78,382</u>	<u>\$ 4,885,387</u>	<u>\$ 4,916,232</u>	<u>\$ 47,537</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, 2012		Interest Rate	Balance July 1, 2011	Matured	Balance June 30, 2012
			Date	Amount				
Elementary School	07/15/1994	\$ 1,358,000	07/15/12-13	\$ 90,000	5.95%	\$ 353,000	\$ 85,000	\$ 268,000
			07/15/14	88,000	5.95%			
Refunding Bonds of 2005	11/01/2005	1,990,000	05/01/2013	55,000	3.625%	1,740,000	185,000	1,555,000
			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%			
						\$ 2,093,000	\$ 270,000	\$ 1,823,000

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, 2011</u>	<u>Matured</u>	<u>Balance June 30, 2012</u>
Paging System and Bus	3.57%	\$ 121,000	\$ 50,834	\$ 24,967	\$ 25,867
			\$ 50,834	\$ 24,967	\$ 25,867

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

	<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	\$ 298,581		\$ 298,581	\$ 298,581	
State Sources:					
Debt Service Aid Type II	61,271		61,271	61,271	
Total Revenues	<u>359,852</u>		<u>359,852</u>	<u>359,852</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	89,875		89,875	89,875	
Redemption of Principal	270,000		270,000	270,000	
Total Regular Debt Service	<u>359,875</u>		<u>359,875</u>	<u>359,875</u>	
Total Expenditures	<u>359,875</u>		<u>359,875</u>	<u>359,875</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(23)		(23)	(23)	
Fund Balance, July 1	23		23	23	
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

**STATISTICAL SECTION**  
**(UNAUDITED)**

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**

	<b><u>Exhibit</u></b>
<p><b>Financial Trends</b></p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p><b>Revenue Capacity</b></p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p><b>Debt Capacity</b></p> <p>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.</p>	J-10 thru J-13
<p><b>Demographic and Economic Information</b></p> <p>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.</p>	J-14 thru J-15
<p><b>Operating Information</b></p> <p>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.</p>	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 EIGHT FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**UNAUDITED**

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>								
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)	\$ (1,395,119)
Restricted	320,693	314,443	475,871	250,731	162,057	202,767	318,345	515,283
Unrestricted/(Deficit)	(519,212)	(306,847)	(198,216)	43,840	(54,792)	(64,138)	175,381	456,578
<b>Total Governmental Activities Net Assets/(Deficit)</b>	<b>\$ (282,265)</b>	<b>\$ (60,627)</b>	<b>\$ 341,837</b>	<b>\$ 419,768</b>	<b>\$ (1,833,630)</b>	<b>\$ (1,670,078)</b>	<b>\$ (1,080,912)</b>	<b>\$ (423,258)</b>
<b>Business-Type Activities</b>								
Invested in Capital Assets,								
Net of Related Debt	\$ 3,448	\$ 2,825	\$ 2,201	\$ 1,710	\$ 1,256	\$ 821	\$ 410	\$ 15,161
Unrestricted	22,734	30,057	32,575	33,695	35,282	41,768	38,001	27,104
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 26,182</b>	<b>\$ 32,882</b>	<b>\$ 34,776</b>	<b>\$ 35,405</b>	<b>\$ 36,538</b>	<b>\$ 42,589</b>	<b>\$ 38,411</b>	<b>\$ 42,265</b>
<b>District-wide</b>								
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)	\$ (1,379,958)
Restricted	320,693	314,443	475,871	250,731	162,057	202,767	318,345	515,283
Unrestricted/(Deficit)	(496,478)	(276,790)	(165,641)	77,535	(19,510)	(22,370)	213,382	483,682
<b>Total District Net Assets/(Deficit)</b>	<b>\$ (256,083)</b>	<b>\$ (27,745)</b>	<b>\$ 376,613</b>	<b>\$ 455,173</b>	<b>\$ (1,797,092)</b>	<b>\$ (1,627,489)</b>	<b>\$ (1,042,501)</b>	<b>\$ (380,993)</b>

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 EIGHT FISCAL YEARS**  
**UNAUDITED**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 3,780,572
Special Education	795,598	1,002,069	986,973	874,225	862,649	740,043	688,188	838,247
Other Special Education	156,486	164,089	168,835	157,017	85,521	110,153	119,726	157,340
Other Instruction	81,606	75,966	100,274	129,604	120,573	105,914	89,705	97,572
Support Services:								
Tuition	3,972,452	3,877,036	3,542,528	3,950,465	4,329,429	4,857,452	4,770,992	4,683,915
Student and Instruction Related Services	732,485	689,364	855,848	877,505	878,069	670,741	681,365	747,135
General Administrative Services	301,976	315,615	338,292	338,123	340,486	279,715	296,719	263,243
School Administrative Services	166,840	208,252	257,393	272,356	291,649	370,172	368,135	328,005
Central Services	184,973	282,550	256,044	184,382	193,987	207,725	208,352	220,126
Administration Information Technology				62,064	49,898	57,050	38,904	44,455
Plant Operations and Maintenance	623,802	646,605	745,739	807,337	914,540	641,801	671,785	687,493
Pupil Transportation	548,122	563,583	532,219	598,319	621,057	568,776	455,069	541,214
Unallocated Depreciation		261,596	39,523	17,799	2,311,471	73,484	73,484	69,419
Charter Schools			4,306	4,478	9,686			
Capital Outlay							16,482	172
Interest on Long-Term Debt	196,420	205,867	184,135	171,927	164,384	149,927	101,407	89,875
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>	<u>12,548,783</u>
Business-Type Activities:								
Food Service	10,262	9,883	8,944	9,487	12,780	8,533	18,814	8,474
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>	<u>8,474</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>	<u>\$ 12,557,257</u>

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Program Revenues:</b>								
<b>Governmental Activities:</b>								
<b>Charges for Services:</b>								
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	\$ 1,294,688
Capital Grants and Contributions		194,231						
<b>Total Governmental Activities Program Revenues</b>	<b>1,457,926</b>	<b>1,668,550</b>	<b>1,619,375</b>	<b>1,616,616</b>	<b>1,497,023</b>	<b>1,593,199</b>	<b>1,174,124</b>	<b>1,294,688</b>
<b>Business-Type Activities:</b>								
<b>Charges for Services:</b>								
Food Service	10,742	10,664	10,838	10,116	13,913	14,584	14,636	12,328
<b>Total Business-Type Activities Program Revenues</b>	<b>10,742</b>	<b>10,664</b>	<b>10,838</b>	<b>10,116</b>	<b>13,913</b>	<b>14,584</b>	<b>14,636</b>	<b>12,328</b>
<b>Total District Program Revenues</b>	<b>\$ 1,468,668</b>	<b>\$ 1,679,214</b>	<b>\$ 1,630,213</b>	<b>\$ 1,626,732</b>	<b>\$ 1,510,936</b>	<b>\$ 1,607,783</b>	<b>\$ 1,188,760</b>	<b>\$ 1,307,016</b>
<b>Net (Expense)/Revenue:</b>								
Governmental Activities	\$ (9,402,422)	\$ (9,718,314)	\$ (9,804,294)	\$ (10,354,474)	\$ (13,138,192)	\$ (10,883,201)	\$ (11,100,380)	\$ (11,254,095)
Business-Type Activities	480	781	1,894	629	1,133	6,051	(4,178)	3,854
<b>Total District-Wide Net Expense</b>	<b>\$ (9,401,942)</b>	<b>\$ (9,717,533)</b>	<b>\$ (9,802,400)</b>	<b>\$ (10,353,845)</b>	<b>\$ (13,137,059)</b>	<b>\$ (10,877,150)</b>	<b>\$ (11,104,558)</b>	<b>\$ (11,250,241)</b>
<b>General Revenues and Other Changes in Net Assets:</b>								
<b>Governmental Activities:</b>								
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	\$ 11,510,636
Taxes Levied for Debt Service	307,516	306,122	300,989	293,324	295,422	293,121	308,589	298,581
Unrestricted Grants and Contributions	74,898	95,648	73,260	73,785	73,274	72,226	62,818	61,793
Investment Earnings			2,518	500	500	100	13	66
Miscellaneous Income	36,318	66,147	97,856	63,426	27,909	36,624	87,986	40,673
Cancellation of State Receivable		(295)						
<b>Total Governmental Activities</b>	<b>9,570,736</b>	<b>9,939,952</b>	<b>10,206,758</b>	<b>10,432,405</b>	<b>10,884,794</b>	<b>11,046,753</b>	<b>11,689,546</b>	<b>11,911,749</b>

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities:								
Unrestricted Grants and Contributions	\$ 6,578	\$ 5,919						
Total Business-Type Activities	<u>6,578</u>	<u>5,919</u>						
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>	<u>\$ 11,911,749</u>
Change in Net Assets:								
Governmental Activities	\$ 168,314	\$ 221,638	\$ 402,464	\$ 77,931	\$ (2,253,398)	\$ 163,552	\$ 589,166	\$ 657,654
Business-Type Activities	7,058	6,700	1,894	629	1,133	6,051	(4,178)	3,854
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>	<u>\$ 661,508</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 EIGHT FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund								
Reserved/Restricted	\$ 262,423	\$ 308,673	\$ 534,936	\$ 250,730	\$ 162,056	\$ 202,744	\$ 246,833	\$ 515,283
Assigned							221,489	550,447
Unassigned							432,326	272,034
Unreserved	224,421	217,989	212,460	362,779	435,799	371,351		
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>	<u>\$ 1,337,764</u>
All Other Governmental Funds								
Reserved/Restricted	\$ 85,606						\$ 23	
Unreserved, Reported in:								
Capital Projects Fund/(Deficit)	(85,606)							
Debt Service Fund	762	\$ 5,770	\$ 5,242	\$ 1	\$ 1	\$ 23		
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>	<u>\$ -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: School District Financial Reports

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>								
Tax Levy	\$ 9,459,520	\$ 9,778,452	\$ 10,033,124	\$ 10,294,694	\$ 10,783,111	\$ 10,937,803	\$ 11,538,729	\$ 11,809,217
Tuition Charges	167,695	157,632	96,059					5,542
Interest Earnings			2,518	500	500	100	13	66
Miscellaneous	36,318	197,053	97,856	63,426	27,909	36,602	87,986	35,131
State Sources	1,199,808	1,318,117	1,434,375	1,525,564	1,401,152	1,408,202	946,028	1,181,435
Federal Sources	165,321	157,543	162,201	164,837	169,145	257,223	290,914	175,046
<b>Total Revenue</b>	<b>11,028,662</b>	<b>11,608,797</b>	<b>11,826,133</b>	<b>12,049,021</b>	<b>12,381,817</b>	<b>12,639,930</b>	<b>12,863,670</b>	<b>13,206,437</b>
<b>Expenditures:</b>								
<b>Instruction</b>								
Regular Instruction	2,286,286	2,354,252	2,428,430	2,489,169	2,601,525	2,647,095	2,612,338	2,637,653
Special Education Instruction	681,040	741,973	742,333	634,128	671,401	566,687	499,776	624,491
Other Special Instruction	114,891	120,158	114,054	105,426	62,487	79,109	83,415	108,524
Other Instruction	68,685	61,574	82,007	91,036	89,936	79,065	64,728	70,638
<b>Support Services:</b>								
Tuition	3,972,452	3,877,036	3,542,528	3,950,465	4,329,429	4,857,452	4,770,992	4,683,915
Student and Instruction Related Services	563,646	520,968	640,098	702,863	698,932	566,764	551,169	608,901
General Administrative Services	272,773	282,498	316,504	316,114	330,849	255,974	249,479	228,752
School Administrative Services	128,467	167,464	184,199	187,838	217,138	270,972	263,420	228,500
Central Services	150,446	243,933	191,869	150,105	162,103	171,609	167,006	176,029
Administration Information Technology				54,021	44,350	52,022	33,132	38,255
Plant Operations and Maintenance	504,300	523,896	610,675	680,090	644,449	579,920	600,048	608,143
Pupil Transportation	523,966	551,011	528,599	592,047	610,932	543,004	439,147	509,755
Unallocated Benefits	1,267,978	1,469,770	1,807,267	1,824,878	1,500,265	1,584,309	1,732,699	1,845,926

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenditures: (Cont'd)								
Capital Outlay	\$ 14,124	\$ 398,139	\$ 39,523	\$ 34,164	\$ 176,293	\$ 44,361	\$ 98,361	\$ 39,987
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	270,000
Interest and Other Charges	196,420	175,267	153,535	141,327	128,696	115,347	101,407	89,875
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>	<u>12,769,344</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>	<u>437,093</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>	<u>\$ 437,093</u>
Debt Service as a Percentage of								
Noncapital Expenditures	3.49 %	3.32 %	3.23 %	3.05 %	2.99 %	2.90 %	2.99 %	2.83 %

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

## Exhibit J-5

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>
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
2012	66	20,138	20,535	40,739

Source: Boonton Township School District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	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
2011	16,754,000	895,851,300	22,286,500	253,000	15,475,400	14,061,400	496,800	965,178,400	76,600,700	914,199	966,092,599	1.16	1,018,768,215

\* Revaluation of Real Property.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> 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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Boonton	Morris County	
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
2011	1.13	0.03	1.16	0.35	0.49	2.00

\* Revaluation of Real Property.

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

<sup>b</sup> 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	2011		Taxpayer	2002	
	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	0.87 %	Satin Realty Co. Inc.	\$ 4,636,600	0.95 %
Shamrock Village LC, MSM	5,998,400	0.62 %	RFL Electronics, Inc.	3,264,200	0.67 %
Witman at Stonehenge, LLC	5,568,700	0.58 %	MSM Boonton & Shamrock Village	2,609,500	0.53 %
RFL Electronics, Inc.	4,292,200	0.45 %	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	0.29 %	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	2,452,300	0.26 %	Individual Taxpayer #5	1,312,300	0.27 %
<b>Total</b>	<b>\$ 40,833,100</b>	<b>4.25 %</b>	<b>Total</b>	<b>\$ 22,735,200</b>	<b>4.65 %</b>

Note : Individual Taxpayers listed may be different in 2011 and 2002.

A revaluation of property was effective in 2007.

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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2012	11,809,217	11,809,217	100.00 %	-0-

<sup>a</sup> 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)

## Exhibit J-10

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	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	0.87 %	647
2009	2,613,000	115,314	2,728,314	0.90 %	610
2010	2,363,000	74,933	2,437,933	0.82 %	572
2011	2,093,000	50,834	2,143,834	0.72 %	500
2012	1,823,000	25,867	1,848,867	0.62 %	431

<sup>a</sup> 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 EIGHT FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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 %	554
2011	2,093,000	-0-	2,093,000	0.22 %	488
2012	1,823,000	-0-	1,823,000	0.19 %	425

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

<sup>b</sup> 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

Exhibit J-12

BOONTON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2011  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Boonton Township	\$ 1,536,102	100.00 %	\$ 1,536,102
Morris County General Obligation Debt	269,247,125	1.06 %	<u>2,841,931</u>
Subtotal, Overlapping Debt			4,378,033
Boonton Township School District Direct Debt			<u>1,823,000</u>
Total Direct and Overlapping Debt			<u>\$ 6,201,033</u>

<sup>a</sup> 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 2012

<u>Equalized Valuation Basis</u>	
2011	\$ 984,072,594
2010	1,016,294,563
2009	1,074,017,866
	<u>\$ 3,074,385,023</u>
<u>Average Equalized Valuation of Taxable Property</u>	
	\$ 1,024,795,008
<u>Debt Limit <sup>a</sup> (3% of Average Equalization Value)</u>	
	\$ 30,743,850
<u>Net Bonded School Debt as of June 30, 2012</u>	
	1,823,000
<u>Legal Debt Margin</u>	<u>\$ 28,920,850</u>

	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 30,603,786	\$ 32,364,363	\$ 32,686,142	\$ 31,066,070	\$ 30,743,850
Total Net Debt Applicable to Limit	<u>2,853,000</u>	<u>2,613,000</u>	<u>2,363,000</u>	<u>2,093,000</u>	<u>1,823,000</u>
Legal Debt Margin	<u>\$ 27,750,786</u>	<u>\$ 29,751,363</u>	<u>\$ 30,323,142</u>	<u>\$ 28,973,070</u>	<u>\$ 28,920,850</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.32 %	8.07 %	7.23 %	6.74 %	5.93 %

	<u>Fiscal Year</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 18,266,921	\$ 19,983,734	\$ 21,983,378	\$ 24,691,379	\$ 27,808,447
Total Net Debt Applicable to Limit	<u>3,715,000</u>	<u>3,535,000</u>	<u>3,350,000</u>	<u>3,303,000</u>	<u>3,083,000</u>
Legal Debt Margin	<u>\$ 14,551,921</u>	<u>\$ 16,448,734</u>	<u>\$ 18,633,378</u>	<u>\$ 21,388,379</u>	<u>\$ 24,725,447</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.34 %	17.69 %	15.24 %	13.38 %	11.09 %

<sup>a</sup> 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

## Exhibit J-14

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

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Morris County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2003	4,275	\$ 242,837,100	\$ 56,804	3.70 %
2004	4,280	260,138,400	60,780	2.90 %
2005	4,285	269,655,050	62,930	3.50 %
2006	4,296	291,775,728	67,918	3.70 %
2007	4,356	310,107,996	71,191	3.30 %
2008	4,463	330,373,575	74,025	4.40 %
2009	4,469	302,166,966	67,614	7.50 %
2010	4,265	297,743,915	69,811	7.60 %
2011	4,286	299,209,946	69,811 *	7.40%
2012	4,286 **	299,209,946	69,811 *	N/A

\* - Latest Morris County per capita personal income available (2010) was used for calculation purposes.

\*\* - Latest population data available (2011) was used for calculation purposes.

N/A - Information Unavailable.

Source:

<sup>a</sup> Population information provided by the New Jersey Department of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income by county provided by the New Jersey Department of Labor and Workforce Development

<sup>d</sup> 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	2011		Employer	2002	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Novartis	6,200	N/A			
U.S. Army Armament Research and Development	5,274	N/A			
Atlantic Health	5,013	N/A			
United Parcel Service	2,332	N/A			Information is Not Available
County of Morris	1,928	N/A			
Automatic Data Processing, Inc.	1,924	N/A			
Saint Clare's Health System	1,841	N/A			
AT&T Corporation	1,550	N/A			
Chilton Memorial	1,440	N/A			
BASF Corporation	1,400	N/A			
<b>Total</b>	<b>28,902</b>	<b>N/A</b>			

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 EIGHT 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>	<u>2012</u>
Instruction:								
Regular	44.0	48.0	48.0	48.0	48.0	48.0	47.0	47.0
Support Services:								
Student and Instruction Related Services	8.0	10.5	10.5	10.5	10.0	10.0	9.0	7.6
School Administrative Services	1.0	2.0	2.0	2.0	2.5	2.5	2.5	2.7
General Administrative Services	1.0	1.5	2.0	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	5.0
Pupil Transportation	1.0						2.3	2.3
Business and Other Support Services	2.0	2.0	2.0	2.0	2.0	2.0	2.2	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>	<u>68.8</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 EIGHT FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff <sup>d</sup>	Elementary		% Change in Average Daily Enrollment	Student Attendance Percentage	
						Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>e</sup>			
2005	791	\$ 10,536,935	\$ 13,321	-1.25 %	52	1:9.87	513	492	-1.25 %	95.91 %
2006	793	10,916,539	13,766	0.25 %	52	1:10.02	521	502	1.56 %	96.35 %
2007	792	11,194,876	14,135	-0.13 %	52	1:10.09	524	507	0.58 %	96.76 %
2008	799	11,784,666	14,749	0.88 %	52	1:1.10	525	504	0.19 %	96.00 %
2009	786	11,973,482	15,233	-1.63 %	52	1:9.92	516	496	-1.71 %	96.12 %
2010	809	12,253,982	15,147	2.93 %	52	1:10.23	532	511	3.10 %	96.05 %
2011	802	12,067,349	15,047	-0.87 %	52	1:9.87	513	494	-3.57 %	96.30 %
2012	753	12,369,482	16,427	-6.11 %	50	1:9.87	490	473	-4.48 %	96.53 %

<sup>a</sup> Enrollment included grades 9-12 students attending Mountain Lakes High School.

<sup>b</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>c</sup> 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.

<sup>d</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>e</sup> 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 EIGHT 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>	<u>2012</u>
Rockaway Valley School								
Square Feet	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320
Capacity (Students)	537	537	537	537	537	537	537	537
Enrollment	513	521	524	525	516	532	513	490

Number of Schools at June 30, 2012  
 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>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>	<u>2012</u>
Rockaway Valley School	N/A	\$ 40,036	\$ 32,780	\$ 50,616	\$ 37,271	\$ 108,903	\$ 206,945	\$ 152,352	\$ 113,970	\$ 158,674	\$ 183,487
		\$ 40,036	\$ 32,780	\$ 50,616	\$ 37,271	\$ 108,903	\$ 206,945	\$ 152,352	\$ 113,970	\$ 158,674	\$ 183,487

N/A - Not Applicable

\* 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

## Exhibit J-20

BOONTON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2012  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
NJ School Boards Association Insurance Group (NJSBAIG)		
Commercial Package Policy:		
Property Section:		
Blanket Building and Contents	\$ 400,000,000	\$ 5,000
Extra Expense	50,000,000	5,000
Valuable Papers	50,000,000	5,000
Electronic Data Processing Equipment	100,000	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	50,000	500
Outside	50,000	500
Computer Fraud	50,000	500
Environmental Impairment Liability:		
Limit of Liability - Per Incident	1,000,000	10,000
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, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 2, 2012. 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. However, we noted a certain matter which we reported to management in the *Auditor's Management Report on Administrative Findings-Financial, Compliance and Performance*.

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 31, 2012  
Mount Arlington, New Jersey

NISIVOCIA 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 OMB's Circular 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, 2012. 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 OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133, and New Jersey OMB's Circular 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, 2012.

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 requirements of laws, regulations, contracts and grants applicable to state and federal 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 and 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 31, 2012  
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, 2012

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, 2011	Adjustment	Cash Received	Budgetary Expenditures	Balance (Accounts Receivable) June 30, 2012
U.S. Department of Education									
Passed-through State Department of Education:									
General Fund:									
Education Jobs Fund	84.410A	N/A	7/1/10-9/30/12	\$ 23,763	\$ (5,141)		\$ 5,141	\$ (744)	\$ (744)
Total General Fund					(5,141)		5,141	(744)	(744)
Special Revenue Fund:									
NCLB Consolidated Grant:									
Title II - Part A	84.278A	NCLB-0460-12	9/1/11-8/31/12	10,420			2,996	\$ (10,420)	\$ (7,424)
Title I - Part A	84.010A	NCLB-0460-11	9/1/10-8/31/11	7,324	(522)	\$ 22	500		
Title II - Part A	84.278A	NCLB-0460-11	9/1/10-8/31/11	10,949	(7,695)		7,695		
Title IV	84.186A	NCLB-0460-10	9/1/09-8/31/10	845	(673)		673		
					(8,890)	22	11,864	(10,420)	(7,424)
Special Education Cluster:									
IDEA Part B, Basic	84.027	IDEA-0460-12	9/1/11-8/31/12	157,558			114,966	(157,558)	(42,592)
IDEA Part B, Preschool	84.173	IDEA-0460-12	9/1/11-8/31/12	5,681				(5,681)	(5,681)
IDEA Part B, Basic	84.027	IDEA-0460-11	9/1/10-8/31/11	155,316	(17,901)		17,901		
American Recovery and Reinvestment Act:									
IDEA Part B, Basic	84.391	IDEA-0460-10	9/1/09-8/31/11	161,483	(7,021)		7,021		
IDEA Part B, Preschool	84.392	IDEA-0460-10	9/1/09-8/31/11	5,844	(4,396)		4,396		
Total Special Education Cluster					(29,318)		144,284	(163,239)	(48,273)
Total Special Revenue Fund					(38,208)	22	156,148	(173,659)	(55,697)
Total U.S. Department of Education					(43,349)	22	161,289	(174,403)	(56,441)
Total Federal Financial Awards					\$ (43,349)	\$ 22	\$ 161,289	\$ (174,403)	\$ (56,441)

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOONTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) June 30, 2011	Cash Received	Budgetary Expenditures	Balance	Memo	
							June 30, 2012	GAAP (Accounts Receivable)	Budgetary Receivable
State Department of Education:									
General Fund:									
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 365,998		\$ 330,311	\$ (365,998)		\$ (35,687)	\$ 365,998
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	131,514	\$ (12,194)	12,194				
Extraordinary Special Education Aid	12-100-034-5120-473	7/1/11-6/30/12	186,151			(186,151)	\$ (186,151)	(186,151)	186,151
Extraordinary Special Education Aid	11-100-034-5120-473	7/1/10-6/30/11	184,428	(184,428)	184,428				
Nonpublic Transportation	N/A	7/1/11-6/30/12	9,570			(9,570)	(9,570)	(9,570)	9,570
Nonpublic Transportation	N/A	7/1/10-6/30/11	10,092	(10,092)	10,092				
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	253,243		253,243	(253,243)			253,243
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	256,619	(25,310)	25,310				
Anti-Bullying Bill of Rights	N/A	7/1/11-6/30/12	522		522	(522)			522
Total General Fund State Aid				(232,024)	816,100	(815,484)	(195,721)	(231,408)	815,484
Debt Service Fund:									
Debt Service Aid Type II	12-495-034-5120-017	7/1/11-6/30/12	61,271		61,271	(61,271)			61,271
Total Debt Service Fund					61,271	(61,271)			61,271
Total State Financial Awards				\$ (232,024)	\$ 877,371	\$ (876,755)	\$ (195,721)	\$ (231,408)	\$ 876,755

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**BOONTON TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Boonton Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

**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 \$(23,493) for the general fund and \$643 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 \$109,018 and \$219,155, 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	\$ 744	\$ 1,120,164	\$ 1,120,908
Special Revenue Fund		174,302	174,302
Debt Service Fund		61,271	61,271
<b>Total Financial Awards</b>	<b>\$ 744</b>	<b>\$ 1,355,737</b>	<b>\$ 1,356,481</b>

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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, 2012.

NOTE 6. OTHER

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, 2012.

BOONTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 OMB's Circular 04-04.
- The District's major state programs for the current fiscal year consisted of the following state aid:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education Categorical Aid Reimbursed TPAF	12-495-034-5120-089	7/1/11-6/30/12	\$ 365,998	\$ 365,998
Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	253,243	253,243

- 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, 2012

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2011.