

TOWN OF BOONTON SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Boonton, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Town of Boonton School District

Boonton, New Jersey

For The Fiscal Year Ended June 30, 2013

Prepared by

Business Office

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INTRODUCTORY SECTION

BOONTON

Public Schools

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

December 5, 2013

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Town of Boonton Public Schools for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organization chart and a list of principal officials. The Financial Section includes The Independent Auditors' Report, the management's discussion and analysis, basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The Statistical Section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this Single Audit, including the auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

434 Lathrop Avenue • Boonton, New Jersey 07005

www.boontonschools.org • 973-335-3994 ext. 223 • Fax: 973-335-8281

- 1) **REPORTING ENTITY AND SERVICES:** The Boonton Public School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Boonton Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PreK through 12 for the students residing in Boonton and to grade levels 9 through 12 for the students residing in Lincoln Park. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2012-2013 fiscal year with an average daily enrollment of 1,289 students, an increase of 38 students over the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2012-2013	1,289	0.30%
2011-2012	1,251	0.08%
2010-2011	1,241	2.99%
2009-2010	1,205	-0.25%
2008-2009	1,208	-2.74%
2007-2008	1,242	-1.66%
2006-2007	1,263	-4.82%
2005-2006	1,327	2.47%
2004-2005	1,295	-1.67%
2003-2004	1,317	2.09%

- 2) **ECONOMIC CONDITIONS AND OUTLOOK:** The School District began to use funds from the referendum passed in the Spring of 2007 and as of year-end, had completed the improvements to both the High School facility and athletic complex and the John Hill Elementary School. The addition/renovation project at John Hill is projected to be finished by the start of the 2013-2014 school year.
- 3) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District manager.

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

- 5) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

- 6) **FINANCIAL INFORMATION AT FISCAL YEAR END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. A detailed Management Discussion and Analysis follows this section of the report that discussed the District's financial performance for the year ended June 30, 2013.

- 7) **DEBT ADMINISTRATION:** At June 30, 2013, the District's outstanding debt issues included \$21,265,000.00 of general obligation bonds.

- 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 that requires it to deposit public funds in public depositories protected from loss under the

provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secure in accordance with the Act.

- 9) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
- 10) **OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Robert Haag, CPA, PSA, of the accounting firm of Lerch, Vinci, Higgins, LLP was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirement of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
- 11) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Boonton Town Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

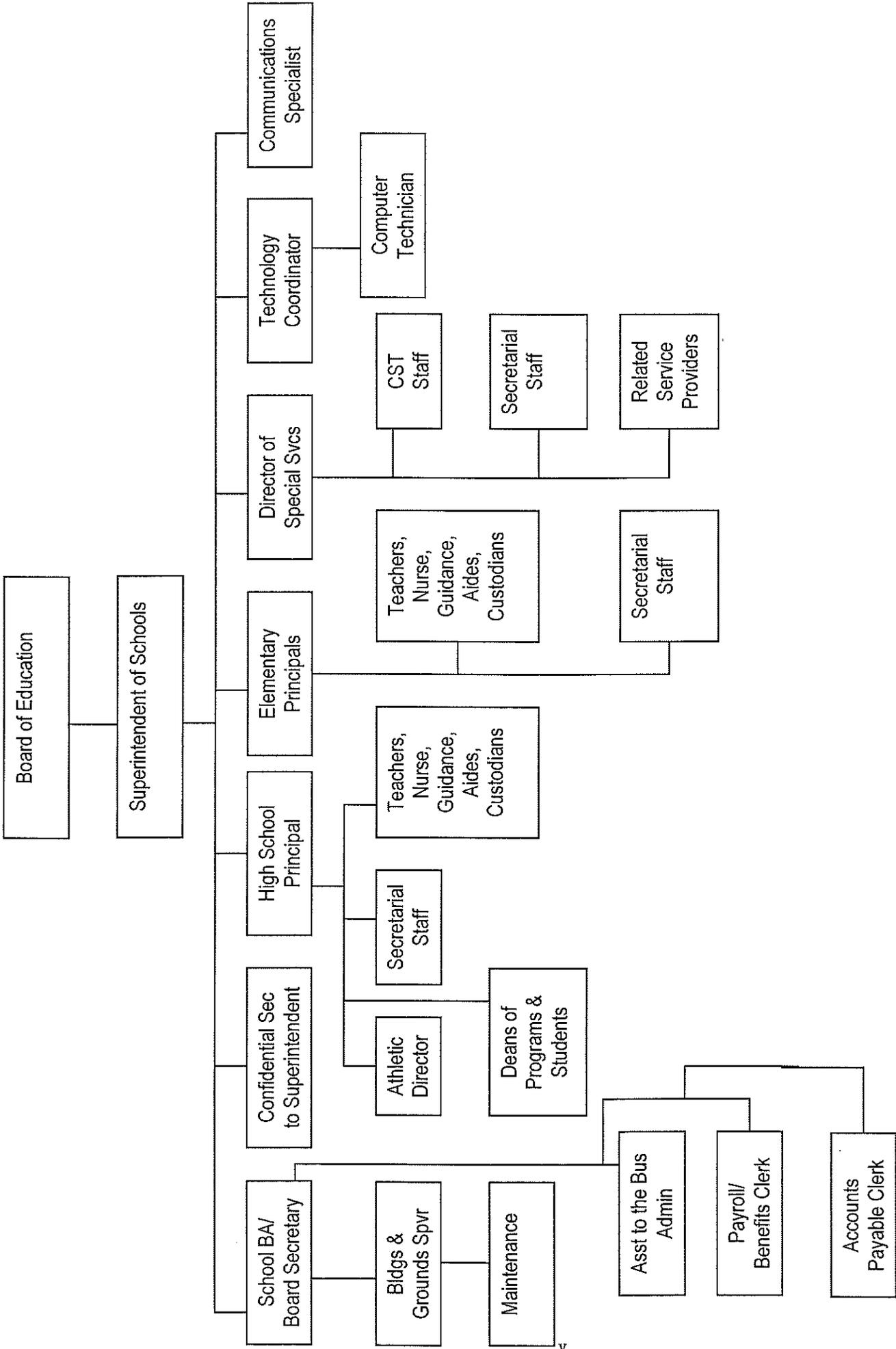
Respectfully submitted,



Df. Christine Johnson
Superintendent of Schools



Mrs. Pamela Ranco, RSBA
Registered School Business
Administrator/Board Secretary



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

ROSTER OF OFFICIALS

JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires (November)</u>
Sonja Chapman, President	2014
Debra L. Recchia, Vice-President	2014
Christopher J. Cartelli	2013
Robert Ezzi	2013
Linda R. Glosinski	2014
Irene LeFebvre	2015
Barbara A. Lynch	2013
Jerry Rudd	2015
Adam Schnitzler	2015
Jack Gibbons (Lincoln Park Representative)	2013

Other Officers

Dr. Christine A. Johnson, Superintendent of Schools

Pamela Ranco, Board Secretary/Business Administrator

BOONTON SCHOOL DISTRICT

Consultants & Advisors

June 30, 2013

District Auditor

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

Attorney

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

Official Depositories

Lakeland Bank
Boonton, NJ 07005

NJARM
Princeton, NJ 08540

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Boonton School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Boonton School District.

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

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

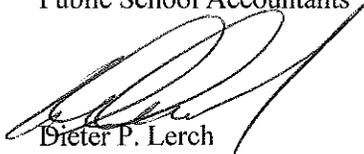
Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2013 on our consideration of the Town of Boonton School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Boonton School District's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 5, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2013**

This discussion and analysis of the Town of Boonton School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2013. The intent of this analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2013 are as follows:

- The District's total assets exceeded liabilities and deferred inflows of resources at year end by \$4,404,836 (net position). The District's net position decreased \$213,543, or 4% from the previous year.
- General revenues accounted for \$17,893,614 or 62 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,167,236 or 28 percent of total revenues of \$29,060,850.
- The School District had \$29,274,393 in expenses; \$11,167,236 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were adequate to provide funding for the balance of these programs.
- Among governmental funds, the General Fund had \$26,148,776 in revenues and \$26,322,054 in expenditures. After allowing for operating transfers, the General Fund's fund balance decreased \$173,118 or 44 percent from 2012. This decrease is primarily due to a shortfall in revenues realized during the 2012/13 fiscal year when compared to anticipated amounts budgeted.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred inflows and resources and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid, as well as the activity of capital assets and long-term liabilities.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Reporting the District's Most Significant Funds (Continued)

Governmental Funds

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

Enterprise Fund

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

The District as a Whole

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

A comparative summary of the District's net position as of June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Assets		
Current and Other Assets	\$ 1,794,185	\$ 5,416,368
Capital Assets, net of accumulated depreciation	<u>25,911,606</u>	<u>22,508,625</u>
Total Assets	<u>27,705,791</u>	<u>27,924,993</u>
Liabilities		
Long-Term Liabilities	21,482,575	22,096,710
Other Liabilities	<u>1,816,931</u>	<u>1,582,309</u>
Total Liabilities	<u>23,299,506</u>	<u>23,679,019</u>
Deferred Inflows of Resources	<u>1,449</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>23,300,955</u>	<u>23,679,019</u>
Net Position		
Net Investment in Capital Assets	4,771,995	4,875,801
Restricted	89,834	141,313
Unrestricted	<u>(456,993)</u>	<u>(398,735)</u>
Total Net Position	<u>\$ 4,404,836</u>	<u>\$ 4,618,379</u>

A comparative schedule of the changes in net position for fiscal years ended June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 7,053,927	\$ 5,134,249
Grants and Contributions	4,113,309	3,691,029
General Revenues:		
Property Taxes	17,172,487	16,922,857
Grants and Entitlements	575,187	474,192
Other	145,940	377,791
	<hr/>	<hr/>
Total Revenues	29,060,850	26,600,118
Program Expenses		
Instruction	18,086,804	15,939,221
Support Services:		
Pupils and Instructional Staff	4,544,871	4,469,183
General, School and Central Administration	2,284,904	2,125,563
Operations and Maintenance of Facilities	2,230,095	1,943,356
Pupil Transportation	437,726	323,435
Unallocated Depreciation		119,138
Interest on Debt	984,866	1,011,931
Food Service	488,813	482,533
Bridges to Learning	216,314	223,765
	<hr/>	<hr/>
Total Expenses	29,274,393	26,638,125
Increase/(Decrease) in Net Position	<u>\$ (213,543)</u>	<u>\$ (38,007)</u>

Governmental Activities

The nature of funding public schools primarily through property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 61 percent of revenues for governmental activities for the Town of Boonton School District in fiscal year 2013. The District's total governmental revenues were \$28,306,918 for the year ended June 30, 2013. Federal, state, and local grants accounted for 16 percent of this total revenue. The total cost of all governmental programs and services was \$28,569,266. Instruction comprises 63 percent of District governmental expenses.

Business-Type Activities

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

- Enterprise Fund revenues exceeded expenses by \$48,805.
- Charges for services represent 68 percent of revenue. This represents amounts paid for food service and tuition for the bridges to learning program. State and federal subsidies account for the remaining 32 percent.
- Federal and state reimbursements amounted to \$244,455 of total Enterprise Fund revenues.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The total cost of services and the net cost of services for the years ended June 30, 2013 and 2012 are summarized below. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction	\$ 18,086,804	\$ 15,939,221	\$ 8,578,966	\$ 8,619,282
Support Services				
Pupils and Instructional Staff	4,544,871	4,469,183	4,027,458	3,996,743
General, School and Central Admin.	2,284,904	2,125,563	2,198,333	2,055,140
Operation and Maintenance of Facilities	2,230,095	1,943,356	2,195,166	1,943,356
Pupil Transportation	437,726	323,435	426,068	323,435
Unallocated Depreciation		119,138		119,138
Interest on Long-Term Debt	984,866	1,011,931	729,724	749,998
Total	<u>\$ 28,569,266</u>	<u>\$ 25,931,827</u>	<u>\$ 18,155,715</u>	<u>\$ 17,807,092</u>

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

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

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

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

Governmental Activities (Continued)

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

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

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$28,306,918 and expenditures were \$32,234,988.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a comparative summary of the governmental fund revenues for the fiscal years ended June 30, 2013 and 2012.

<u>Revenue</u>	<u>Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2013</u>	<u>June 30, 2012</u>		
Local Sources	\$ 23,864,877	\$ 21,934,677	\$ 1,930,200	8.8%
State Sources	3,875,697	3,332,361	543,336	16.3%
Federal Sources	<u>566,344</u>	<u>632,343</u>	<u>(65,999)</u>	-10.4%
Total Revenues	<u>\$ 28,306,918</u>	<u>\$ 25,899,381</u>	<u>\$ 2,407,537</u>	9.3%

The following schedule represents a comparative summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal years ended June 30, 2013 and 2012.

<u>Expenditures</u>	<u>Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2013</u>	<u>June 30, 2012</u>		
Current				
Instruction	\$ 17,865,679	\$ 15,941,730	\$ 1,923,949	12.1%
Support Services	8,955,074	8,858,291	96,783	1.1%
Capital Outlay	3,801,685	9,651,659	(5,849,974)	-60.6%
Debt Service				
Principal	615,000	590,000	25,000	4.2%
Interest and Other	<u>997,550</u>	<u>1,024,100</u>	<u>(26,550)</u>	-2.6%
Total Expenditures	<u>\$ 32,234,988</u>	<u>\$ 36,065,780</u>	<u>\$ (3,830,792)</u>	-10.6%

General Fund Budgeting Highlights

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

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

Capital Assets

At the end of fiscal year 2013, the District had \$32,422,860 invested in land, buildings, furniture, equipment and vehicles. Accumulated depreciation on these assets at June 30, 2013 was \$6,511,254. The Table below compares the fiscal year 2013 balances to the 2012 balances.

Capital Assets (Net of Depreciation) at June 30

	<u>2013</u>	<u>2012</u>
Land	\$ 471,800	\$ 471,800
Construction in Progress	-	19,706,229
Building and Building Improvements	25,000,078	2,199,597
Machinery and Equipment	<u>439,728</u>	<u>503,404</u>
Total Capital Assets, Net	<u>\$ 25,911,606</u>	<u>\$ 22,881,030</u>

Debt Administration

At June 30, 2013, the District had \$21,482,575 of long-term liabilities. Of this amount, \$217,575 is for compensated absences; and \$21,265,000 is for outstanding serial bonds issued to fund school construction projects.

For the Future

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

TOWN OF BOONTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 190,756	\$ 188,791	\$ 379,547
Receivables, Net:			
Receivables from Other Governments	1,357,085	14,493	1,371,578
Other	1,497		1,497
Internal Balances	82,875	(82,875)	
Inventory		14,317	14,317
Restricted Assets:			
Investments	27,246		27,246
Capital Assets:			
Not Being Depreciated	471,800		471,800
Being Depreciated, Net	<u>25,380,548</u>	<u>59,258</u>	<u>25,439,806</u>
Total Assets	<u>27,511,807</u>	<u>193,984</u>	<u>27,705,791</u>
LIABILITIES			
Accounts Payable	1,134,718	55,584	1,190,302
Other Liabilities	118,870		118,870
Payable to Other Governments	11,052		11,052
Accrued Interest	444,526		444,526
Unearned Revenue	52,181		52,181
Noncurrent Liabilities			
Due Within One Year	651,250		651,250
Due Beyond One Year	<u>20,831,325</u>	<u>-</u>	<u>20,831,325</u>
Total Liabilities	<u>23,243,922</u>	<u>55,584</u>	<u>23,299,506</u>
DEFERRED INFLOWS OF RESOURCES			
Unused Government Commodities	<u>-</u>	<u>1,449</u>	<u>1,449</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>1,449</u>	<u>1,449</u>
Total Liabilities and Deferred Inflows of Resource	<u>23,243,922</u>	<u>57,033</u>	<u>23,300,955</u>
NET POSITION			
Net Investment in Capital Assets	4,712,737	59,258	4,771,995
Restricted for:			
Capital Projects	45,334		45,334
Other Purposes	44,500		44,500
Unrestricted	<u>(534,686)</u>	<u>77,693</u>	<u>(456,993)</u>
Total Net Position	<u>\$ 4,267,885</u>	<u>\$ 136,951</u>	<u>\$ 4,404,836</u>

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

TOWN OF BOONTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction:							
Regular	\$ 10,990,800	\$ 5,836,133	\$ 1,573,374		\$ (3,581,293)		\$ (3,581,293)
Special Education	5,723,331	708,564	1,319,444		(3,695,323)		(3,695,323)
Other Instruction	505,841		70,323		(435,518)		(435,518)
School Sponsored Activities and Athletics	866,832				(866,832)		(866,832)
Support Services							
Student and Instruction Related Services	4,544,871		517,413		(4,027,458)		(4,027,458)
General Administrative Services	649,618				(649,618)		(649,618)
School Administrative Services	1,131,944		86,571		(1,045,373)		(1,045,373)
Central and Other Support Services	503,342				(503,342)		(503,342)
Plant Operations and Maintenance	2,230,095		34,929		(2,195,166)		(2,195,166)
Pupil Transportation	437,726		11,658		(426,068)		(426,068)
Interest on Long-Term Debt	984,866		255,142		(729,724)		(729,724)
Total Governmental Activities	28,569,266	6,544,697	3,868,854	-	(18,155,715)	-	(18,155,715)
Business-Type Activities							
Food Service - Nonmajor	488,813	263,130	244,455	-	-	\$ 18,772	18,772
Bridges to Learning - Nonmajor	216,314	246,100	-	-	-	29,786	29,786
Total Business-Type Activities	705,127	509,230	244,455	-	-	48,558	48,558
Total Primary Government	\$ 29,274,393	\$ 7,053,927	\$ 4,113,309	\$ -	(18,155,715)	48,558	(18,107,157)
General Revenues:							
Property Taxes:							
Levied for General Purposes					\$ 15,977,947		\$ 15,977,947
Levied for Debt Service					1,194,540		1,194,540
Federal and State Aid, Unrestricted					417,889		417,889
State Aid Restricted for Debt Service					157,298		157,298
Investment Earnings					251	\$ 247	498
Miscellaneous Income					145,442	-	145,442
Total General Revenues					17,893,367	247	17,893,614
Change in Net Position					(262,348)	48,805	(213,543)
Net Position, Beginning of Year (Restated)					4,530,233	88,146	4,618,379
Net Position, End of Year					\$ 4,267,885	\$ 136,951	\$ 4,404,836

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

FUND FINANCIAL STATEMENTS

**TOWN OF BOONTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 190,756				\$ 190,756
Receivables, Net					
Federal Government		\$ 409,524			409,524
State Government	78,416				78,416
Other Local Governments	869,145				869,145
Due from Other Funds	310,420		\$ 138,753		449,173
Restricted Assets:					
Investments	-	-	27,246	-	27,246
Total Assets	<u>\$ 1,448,737</u>	<u>\$ 409,524</u>	<u>\$ 165,999</u>	<u>\$ -</u>	<u>\$ 2,024,260</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 958,308	\$ 135,800	\$ 40,610		\$ 1,134,718
Due to Other Funds	273,180	210,491			483,671
Payable to State Government		11,052			11,052
Unearned Revenue	-	52,181	-	-	52,181
Total Liabilities	<u>1,231,488</u>	<u>409,524</u>	<u>40,610</u>	<u>-</u>	<u>1,681,622</u>
Fund Balances					
Restricted					
Capital Reserve	45,334				45,334
Maintenance Reserve	44,500				44,500
Capital Projects			\$ 125,389		125,389
Assigned					
Year-End Encumbrances	184,989				184,989
Unassigned					
General Fund	(57,574)	-	-	-	(57,574)
Total Fund Balances	<u>217,249</u>	<u>-</u>	<u>125,389</u>	<u>-</u>	<u>342,638</u>
Total Liabilities and Fund Balances	<u>\$ 1,448,737</u>	<u>\$ 409,524</u>	<u>\$ 165,999</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$32,193,630 and the accumulated depreciation is \$6,341,282.

25,852,348

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

Serial Bonds	\$ (21,265,000)
Compensated Absences	(217,575)

(21,482,575)

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

(444,526)

Net Position of Governmental Activities

\$ 4,267,885

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

TOWN OF BOONTON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 15,977,947			\$ 1,194,540	\$ 17,172,487
Tuition	6,544,697				6,544,697
Interest	91		\$ 160		251
Miscellaneous	145,442	\$ 2,000	-	-	147,442
Total - Local Sources	22,668,177	2,000	160	1,194,540	23,864,877
State Sources	3,419,227	44,030		412,440	3,875,697
Federal Sources	61,372	504,972	-	-	566,344
Total Revenues	26,148,776	551,002	160	1,606,980	28,306,918
EXPENDITURES					
Instruction					
Regular	10,516,662	253,013			10,769,675
Special Education	5,439,299	284,032			5,723,331
Other Instruction	505,841				505,841
School Sponsored Co-Curricular Activities	866,832				866,832
Support Services					
Student and Instruction Related Services	4,499,558	13,957			4,513,515
General Administrative Services	636,429				636,429
School Administrative Services	1,077,998				1,077,998
Central and Other Support Services	503,342				503,342
Plant Operations and Maintenance	1,836,200				1,836,200
Pupil Transportation	387,590				387,590
Debt Service					
Principal				615,000	615,000
Interest and Other Charges				997,550	997,550
Capital Outlay	52,303	-	3,749,382	-	3,801,685
Total Expenditures	26,322,054	551,002	3,749,382	1,612,550	32,234,988
Excess (Deficiency) of Revenues Over (Under) Expenditures	(173,278)	-	(3,749,222)	(5,570)	(3,928,070)
OTHER FINANCING SOURCES (USES)					
Transfers In	160				160
Transfers Out	-	-	(160)	-	(160)
Total Other Financing Sources and Uses	160	-	(160)	-	-
Net Change in Fund Balances	(173,118)	-	(3,749,382)	(5,570)	(3,928,070)
Fund Balance, Beginning of Year	390,367	-	3,874,771	5,570	4,270,708
Fund Balance, End of Year	<u>\$ 217,249</u>	<u>\$ -</u>	<u>\$ 125,389</u>	<u>\$ -</u>	<u>\$ 342,638</u>

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

**TOWN OF BOONTON SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (3,928,070)

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

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

Capital Outlay	\$ 3,801,685	
Depreciation Expense	<u>(762,782)</u>	
		3,038,903

In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (paid):

Increase in Compensated Absences		(865)
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Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Serial Bonds		615,000
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>12,684</u>
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Change in net position of governmental activities		\$ <u>(262,348)</u>
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**TOWN OF BOONTON SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

	Business-Type Activities Enterprise Funds Non-Major
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 188,791
Intergovernmental Accounts Receivable	14,493
Due from Other Funds	15,557
Inventories	<u>14,317</u>
Total Current Assets	<u>233,158</u>
Non-Current Assets	
Capital Assets	229,230
Less: Accumulated Depreciation	<u>(169,972)</u>
Total Capital Assets	<u>59,258</u>
Total Assets	<u>292,416</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	55,584
Due to Other Funds	<u>98,432</u>
Total Current Liabilities	<u>154,016</u>
DEFERRED INFLOWS OF RESOURCES	
Unused Government Commodities	<u>1,449</u>
Total Deferred Inflows of Resources	<u>1,449</u>
Total Liabilities and Deferred Inflows of Resources	<u>155,465</u>
NET POSITION	
Net Investment in Capital Assets	59,258
Unrestricted	<u>77,693</u>
Total Net Position	<u>\$ 136,951</u>

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

**TOWN OF BOONTON SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Funds Non-Major
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 262,133
Program Fees	243,430
Miscellaneous	<u>3,667</u>
 Total Operating Revenues	 <u>509,230</u>
OPERATING EXPENSES	
Salaries and Wages	387,743
Other Purchased Services	26,890
Supplies and Materials	22,165
Repairs and Maintenance	10,844
Cost of Sales	203,873
Miscellaneous	45,285
Depreciation	<u>8,327</u>
 Total Operating Expenses	 <u>705,127</u>
Operating Income (Loss)	<u>(195,897)</u>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	4,976
Federal Sources	
National School Breakfast Program	36,894
National School Lunch Program	202,585
Interest Income	<u>247</u>
 Total Nonoperating Revenues	 <u>244,702</u>
Change in Net Position	48,805
Total Net Position, Beginning of Year (Restated)	<u>88,146</u>
Total Net Position, End of Year	<u>\$ 136,951</u>

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

**TOWN OF BOONTON SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Funds Non-Major
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 509,230
Cash Payments for Employees' Salaries and Benefits	(387,743)
Cash Payments to Suppliers for Goods and Services	<u>(321,957)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(200,470)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Cash Received from Other Funds	4,858
Cash Received from State and Federal Subsidy Reimbursements	<u>316,402</u>
Net Cash Provided by Noncapital Financing Activities	<u>321,260</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>247</u>
Net Cash Provided by Investing Activities	<u>247</u>
Net Increase (Decrease) in Cash and Cash Equivalents	121,037
Cash and Cash Equivalents, Beginning of Year	<u>67,754</u>
Cash and Cash Equivalents, End of Year	<u>\$ 188,791</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating Income (Loss)	<u>\$ (195,897)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Non-Cash Federal Assistance-Food Distribution Program	20,710
Depreciation Expense	8,327
Change in Assets, Deferred Inflows of Resources and Liabilities	
(Decrease)/Increase in Inventory	(9,878)
Increase/(Decrease) in Deferred Inflows of Resources	1,449
Increase/(Decrease) in Accounts Payable	<u>(25,181)</u>
Total Adjustments	<u>(4,573)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (200,470)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received - Food Distribution Program	\$ 19,261

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

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 41,275	\$ 358,700	\$ 551,464
Due from Other Funds			
General Fund	10,000		108,870
Payroll Agency	<u>18,001</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>69,276</u>	 <u>358,700</u>	 <u>\$ 660,334</u>
LIABILITIES			
Accrued Salaries and Wages			\$ 351,476
Intergovernmental Accounts Payable	1,712		
Due to Student Groups			92,937
Payroll Deductions and Withholdings Payable			196,423
Due to Other Funds			
General Fund			1,497
Unemployment Compensation Trust	<u>-</u>	<u>-</u>	<u>18,001</u>
 Total Liabilities	 <u>1,712</u>	 <u>-</u>	 <u>\$ 660,334</u>
NET POSITION			
Held in Trust for Unemployment Claims			
Reserved for Scholarships	<u>\$ 67,564</u>	<u>\$ 358,700</u>	

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

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
District	\$ 68,776	
Employees	9,968	
Donations	-	\$ 27,519
Interest Earnings	36	135
	<hr/>	<hr/>
Total Additions	78,780	27,654
	<hr/>	<hr/>
DEDUCTIONS		
Unemployment Claims and Contributions	30,474	
Scholarships Awarded	-	29,800
	<hr/>	<hr/>
Total Deductions	30,474	29,800
	<hr/>	<hr/>
Change in Net Position	48,306	(2,146)
Net Position, Beginning of Year	19,258	360,846
	<hr/>	<hr/>
Net Position, End of Year	\$ 67,564	\$ 358,700
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Boonton School District (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials as well as one representative from the Lincoln Park Board of Education, and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

B. New Accounting Standards

During 2012/13 fiscal year, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the fiscal year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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

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

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

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

Additionally, the government reports the following fund type:

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred commodities revenue.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

6. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item that qualifies for reporting in this category. This item is the amount of unused government commodities. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available in the enterprise fund and business-type activities.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accrual of vacation, personal or sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

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

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

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

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

10. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 23, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$462,749. The increase was funded by maintenance reserve appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Instruction			
Tuition to Private Schools for the Disabled and Other LEA's Within the State	\$ 1,054,630	\$ 1,074,230	\$ 19,600
Tuition - State Facilities		31,365	31,365
Tuition - Other	16,608	18,308	1,700
Support Services - General Administration			
Judgments Against the School District		55,557	55,557
Unallocated Benefits			
Social Security Contributions		163,894	163,894

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned (deficit) fund balance of \$57,574 in the General Fund as of June 30, 2013 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2012/2013 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$57,574 in the General Fund is less than the delayed state aid payments.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve

A capital reserve account has been established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Balance, July 1, 2012	\$ 85,243
Increased by:	
Interest Earnings	<u>91</u>
	85,334
Withdrawals	
Approved in District Budget	<u>40,000</u>
Balance, June 30, 2013	<u>\$ 45,334</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$1,330,986 and bank and brokerage firm balances of the Board's deposits amounted to \$1,497,992. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>1,497,992</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2013 the Board's bank balances were not exposed to custodial credit risk.

Investments

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

As of June 30, 2013, the Board had the following investments:

<u>Investment:</u>	<u>Fair Value</u>
U.S. Government	
NJ ARM	\$ <u>27,246</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2013, \$27,246 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>Uninsured and Collateralized:</u>	
Collateral held by pledging financial institutions' trust department or agent but not in the District's name	\$ <u>27,246</u>

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

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

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

B. Receivables

Receivables as of June 30, 2013 for the district’s individual major and non-major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 947,561	\$ 409,524	\$ 14,493	\$ 1,371,578
Gross Receivables	947,561	409,524	14,493	1,371,578
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 947,561</u>	<u>\$ 409,524</u>	<u>\$ 14,493</u>	<u>\$ 1,371,578</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
General Fund	
Unencumbered Grant Draw Downs	\$ 40,860
Grant Draw Downs Reserved for Encumbrances	<u>11,321</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 52,181</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance, <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2013</u>
Governmental Activities:	<u>(Restated)</u>			
Capital Assets, Not Being Depreciated:				
Land	\$ 471,800			\$ 471,800
Construction in Progress	<u>19,706,229</u>	\$ 3,749,382	\$ (23,455,611)	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>20,178,029</u>	<u>3,749,382</u>	<u>(23,455,611)</u>	<u>471,800</u>
 Capital Assets, Being Depreciated:				
Buildings and Building Improvements	6,723,091	23,455,611		30,178,702
Machinery and Equipment	<u>1,490,825</u>	<u>52,303</u>	<u>-</u>	<u>1,543,128</u>
Total Capital Assets Being Depreciated	<u>8,213,916</u>	<u>23,507,914</u>	<u>-</u>	<u>31,721,830</u>
 Less Accumulated Depreciation for:				
Buildings and Building Improvements	(4,523,494)	(655,130)		(5,178,624)
Machinery and Equipment	<u>(1,055,006)</u>	<u>(107,652)</u>	<u>-</u>	<u>(1,162,658)</u>
Total Accumulated Depreciation	<u>(5,578,500)</u>	<u>(762,782)</u>	<u>-</u>	<u>(6,341,282)</u>
 Total Capital Assets, Being Depreciated, Net	<u>2,635,416</u>	<u>22,745,132</u>	<u>-</u>	<u>25,380,548</u>
 Governmental Activities Capital Assets, Net	<u>\$ 22,813,445</u>	<u>\$ 26,494,514</u>	<u>\$ (23,455,611)</u>	<u>\$ 25,852,348</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2012	Increases	Decreases	Balance, June 30, 2013
Business-Type Activities:	(Resated)			
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 229,230	-	-	\$ 229,230
Total Capital Assets Being Depreciated	<u>229,230</u>	<u>-</u>	<u>-</u>	<u>229,230</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(161,645)	\$ (8,327)	-	(169,972)
Total Accumulated Depreciation	<u>(161,645)</u>	<u>(8,327)</u>	<u>-</u>	<u>(169,972)</u>
Total Capital Assets, Being Depreciated, Net	<u>67,585</u>	<u>(8,327)</u>	<u>-</u>	<u>59,258</u>
Business-Type Activities Capital Assets, Net	<u>\$ 67,585</u>	<u>\$ (8,327)</u>	<u>\$ -</u>	<u>\$ 59,258</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 220,260
Total Instruction	<u>220,260</u>
Support Services	
Support Services-Students	31,356
General Administration	13,189
School Administration	53,946
Operations and Maintenance	393,895
Transportation	50,136
Total Support Services	<u>542,522</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 762,782</u>
Business-Type Activities:	
Food Service Fund	\$ 8,327
Total Depreciation Expense-Business-Type Activities	<u>\$ 8,327</u>

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Enterprise Fund	General Fund	\$ 15,557
General Fund	Special Revenue Fund	210,491
General Fund	Bridges to Learning Enterprise Fund	98,432
Unemployment Compensation Trust Fund	General Fund	10,000
Payroll Agency Fund	General Fund	108,870
Capital Projects Fund	General Fund	138,753
Unemployment Compensation Trust Fund	Payroll Agency Fund	18,001
General Fund	Student Activity Agency Fund	<u>1,497</u>
		<u>\$ 601,601</u>

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

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

Interfund transfers

		<u>Transfer In:</u>
		<u>General Fund</u>
<u>Transfer Out:</u>		
Capital Projects Fund	\$	<u>160</u>
 Total Transfers Out	 \$	 <u>160</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2013 were \$14,443. The lease matured during fiscal year 2013.

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2013 are comprised of the following issues:

\$23,581,000, 2007 Bonds, due in annual installments of \$645,000 to \$1,495,000 through January 15, 2034, interest at 4.50% to 4.625% \$21,265,000

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 645,000	\$ 969,875	\$ 1,614,875
2015	670,000	940,850	1,610,850
2016	700,000	910,700	1,610,700
2017	730,000	879,200	1,609,200
2018	760,000	846,350	1,606,350
2019-2023	4,330,000	3,687,250	8,017,250
2024-2028	5,345,000	2,624,307	7,969,307
2029-2033	6,590,000	1,285,750	7,875,750
2034	<u>1,495,000</u>	<u>69,144</u>	<u>1,564,144</u>
	<u>\$ 21,265,000</u>	<u>\$ 12,213,426</u>	<u>\$ 33,478,426</u>

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 46,313,265
Less: Net Debt (Including Unfunded Authorizations)	<u>21,265,325</u>
Remaining Borrowing Power	<u>\$ 25,047,940</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance,</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2013</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 21,880,000		\$ (615,000)	\$ 21,265,000	\$ 645,000
Compensated Absences	<u>216,710</u>	<u>\$ 1,478</u>	<u>(613)</u>	<u>217,575</u>	<u>6,250</u>
Governmental activity					
Long-term liabilities	<u>\$ 22,096,710</u>	<u>\$ 1,478</u>	<u>\$ (615,613)</u>	<u>\$ 21,482,575</u>	<u>\$ 651,250</u>

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Pooled Insurance program of New Jersey ("PIP") and the New Jersey School Boards Association Insurance Group (NJSBAIG). The Groups are risk sharing public entity pools, established for the purpose of insuring against worker's compensation claims.

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

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

PIP and NJSBAIG provide its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

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

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

<u>Fiscal Year Ended</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 68,776	\$ 9,968	\$ 30,474	\$ 67,564
2012	83,278	13,527	67,102	19,258
2011	34,805	50,100	144,583	(10,550)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

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

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

Actuarial Methods and Assumptions

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS and 6.5% for TPAF of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>
2013	\$ 247,114	\$ 710,894
2012	258,185	347,592
2011	254,452	33,215

The State contributed \$710,894 and \$347,592 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$33,215 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$779,947 during the fiscal year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

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

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

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2013, 2012 and 2011 were \$803,843, \$698,751 and \$705,483, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 RESTATEMENT

The District's June 30, 2012 financial statements have been restated for an updated capital asset and depreciation report received by the District during 2012-13. The result of this restatement was an increase in governmental activities net position of \$326,266 and an increase in business-type activities net position of \$46,139.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 15,977,947		\$ 15,977,947	\$ 15,977,947	
Additional Local Tax Levy					
Tuition	6,382,981		6,382,981	6,544,697	\$ 161,716
Interest Earned on Capital Reserve	150		150	91	(59)
Unrestricted Miscellaneous Revenues	605,000	\$ 32,000	605,000	145,442	(459,558)
Total Local Sources	<u>22,966,078</u>	<u>32,000</u>	<u>22,966,078</u>	<u>22,668,177</u>	<u>(297,901)</u>
Intermediate Sources					
Unrestricted Revenues	25,800	-	25,800	-	(25,800)
Total Intermediate Sources	<u>25,800</u>	<u>-</u>	<u>25,800</u>	<u>-</u>	<u>(25,800)</u>
State Sources					
Categorical Special Education Aid	599,453		599,453	599,453	
Equalization Aid	428,328		428,328	428,328	
Extraordinary Aid	170,000		170,000	16,694	(153,306)
Security Aid	38,625		38,625	38,626	1
Transportation Aid	12,892		12,892	12,892	
TPAF Pension System Contribution (On-Behalf - Non-Budgeted)				675,361	675,361
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				35,533	35,533
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				803,843	803,843
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	779,947	779,947
Total State Sources	<u>1,249,298</u>	<u>-</u>	<u>1,249,298</u>	<u>3,390,677</u>	<u>2,141,379</u>
Federal Sources					
Medical Assistance Program	46,850	-	46,850	61,372	14,522
Total Federal Sources	<u>46,850</u>	<u>-</u>	<u>46,850</u>	<u>61,372</u>	<u>14,522</u>
Total Revenues	<u>24,288,026</u>	<u>32,000</u>	<u>24,288,026</u>	<u>26,120,226</u>	<u>1,832,200</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	186,662	(3,336)	183,326	183,326	-
Grades 1-5	1,776,245	138,156	1,914,401	1,914,233	168
Grades 6-8	1,152,977	(191,097)	961,880	949,735	12,145
Grades 9-12	2,934,945	207,910	3,142,855	3,128,032	14,823
Regular Programs - Home Instruction					
Salaries of Teachers	8,200	3,562	11,762	11,342	420
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		424	424	424	
Other Purchased Services	73,151	1,951	75,102	74,300	802
General Supplies	216,368	31,595	247,963	240,610	7,353
Textbooks	64,970	17,726	82,696	80,786	1,910
Other Objects	15,304	831	16,135	12,739	3,396
Total Regular Programs	<u>6,428,822</u>	<u>207,722</u>	<u>6,636,544</u>	<u>6,595,527</u>	<u>41,017</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	128,561	1,515	130,076	129,923	153
Other Salaries for Instruction	118,516	22,682	141,198	140,658	540
General Supplies	2,325	2,225	4,550	2,343	2,207
Total Learning and/or Language Disabilities	<u>249,402</u>	<u>26,422</u>	<u>275,824</u>	<u>272,924</u>	<u>2,900</u>

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Behavioral Disabilities					
Salaries of Teachers	-	\$ 3,100	\$ 3,100	\$ 3,098	\$ 2
Total Behavioral Disabilities	-	3,100	3,100	3,098	2
Multiple Disabilities					
Salaries of Teachers	\$ 210,354	(11,174)	199,180	199,077	103
Other Salaries for Instruction	171,675	22,646	194,321	194,321	
Purchased Professional Educational Services	200,000	10,000	210,000	210,000	
General Supplies	4,611	620	5,231	3,740	1,491
Other Objects	-	-	-	-	-
Total Multiple Disabilities	586,640	22,092	608,732	607,138	1,594
Resource Room/Resource Center					
Salaries of Teachers	936,316	46,275	982,591	981,344	1,247
Other Salaries for Instruction	430,813	(11,603)	419,210	417,749	1,461
General Supplies	9,655	1,375	11,030	10,057	973
Total Resource Room/Resource Center	1,376,784	36,047	1,412,831	1,409,150	3,681
Preschool Disabilities - Part-Time					
Salaries of Teachers		13	13	13	-
Other Salaries for Instruction		82	82	82	-
General Supplies	-	-	-	-	-
Total Preschool Disabilities - Part-Time	-	95	95	95	-
Preschool Disabilities - Full Time					
Salaries of Teachers	160,606	(12,773)	147,833	147,207	626
Other Salaries for Instruction	94,147	2,652	96,799	72,995	23,804
General Supplies	2,137	(6)	2,131	144	1,987
Total Preschool Disabilities - Full-Time	256,890	(10,127)	246,763	220,346	26,417
Home Instruction					
Salaries of Teachers	11,000	11,550	22,550	10,488	12,062
Purchased Professional Educational Services	48,100	48,196	96,296	68,386	27,910
Total Home Instruction	59,100	59,746	118,846	78,874	39,972
Total Special Education	2,528,816	137,375	2,666,191	2,591,625	74,566
Basic Skills/Remedial					
Salaries of Teachers	348,023	(57,687)	290,336	272,347	17,989
General Supplies	1,890	(351)	1,539	1,085	454
Total Basic Skills/Remedial	349,913	(58,038)	291,875	273,432	18,443
Bilingual Education					
Salaries of Teachers	60,538	200	60,738	57,156	3,582
General Supplies	2,688	951	3,639	-	3,639
Total Bilingual Education	63,226	1,151	64,377	57,156	7,221

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
School Sponsored Co-Curricular Activities					
Salaries	\$ 98,910	-	\$ 98,910	\$ 88,875	\$ 10,035
Purchased Services	7,806	-	7,806	545	7,261
Supplies and Materials	6,350	-	6,350	3,206	3,144
Other Objects	300	-	300	-	300
Total School Sponsored Co-Curricular Activities	<u>113,366</u>	<u>-</u>	<u>113,366</u>	<u>92,626</u>	<u>20,740</u>
School Sponsored Athletics					
Salaries	487,500	\$ 66,458	553,958	553,954	4
Purchased Services	154,736	(48,838)	105,898	75,383	30,515
Supplies and Materials	97,356	13,344	110,700	93,737	16,963
Other Objects	31,255	(5,116)	26,139	20,806	5,333
Total School Sponsored Athletics	<u>770,847</u>	<u>25,848</u>	<u>796,695</u>	<u>743,880</u>	<u>52,815</u>
Total Instruction	<u>10,254,990</u>	<u>314,058</u>	<u>10,569,048</u>	<u>10,354,246</u>	<u>214,802</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Special	285,192	(33,302)	251,890	251,236	654
Tuition to County Voc. School Dist.-Regular	200,500	548,438	748,938	742,927	6,011
Tuition to County Voc. School Dist.- Special	178,500	(127,066)	51,434	51,431	3
Tuition to Priv. Sch. Disabled & Other LEAs- Within State	1,442,697	(388,067)	1,054,630	1,074,230	(19,600)
Tuition - State Facilities	-	-	-	31,365	(31,365)
Tuition - Other	50,000	(33,392)	16,608	18,308	(1,700)
Total Undistributed Expenditures - Instruction	<u>2,156,889</u>	<u>(33,389)</u>	<u>2,123,500</u>	<u>2,169,497</u>	<u>(45,997)</u>
Attendance and Social Work					
Salaries	2,095	-	2,095	-	2,095
Total Attendance and Social Work	<u>2,095</u>	<u>-</u>	<u>2,095</u>	<u>-</u>	<u>2,095</u>
Health Services					
Salaries	270,904	16,125	287,029	283,288	3,741
Purchased Professional and Technical Services	22,581	(14)	22,567	18,842	3,725
Other Purchased Services	631	1,550	2,181	426	1,755
Supplies and Materials	7,037	-	7,037	5,631	1,406
Total Health Services	<u>301,153</u>	<u>17,661</u>	<u>318,814</u>	<u>308,187</u>	<u>10,627</u>

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Other Support Serv. Students - Speech, OT, PT & Related Serv.					
Salaries	\$ 207,952	\$ (12,572)	\$ 195,380	\$ 187,057	\$ 8,323
Purchased Professional/Educational Services	145,021	(14,034)	130,987	104,191	26,796
Supplies and Materials	6,690	2,950	9,640	8,277	1,363
Total Other Supp.Serv. Student - Speech, OT, PT, & Related Serv.	359,663	(23,656)	336,007	299,525	36,482
Other Support Services - Students - Extra Serv.					
Salaries	318,582	(2,434)	316,148	299,117	17,031
Purchased Professional/Educational Services	107,479	64,494	171,973	155,034	16,939
Supplies and Materials	191	63	254	191	63
Total Other Supp.Serv. Student - Extra Serv.	426,252	62,123	488,375	454,342	34,033
Guidance					
Salaries of Other Professional Staff	491,171	(34,897)	456,274	445,975	10,299
Salaries of Secretarial & Clerical Assistants	48,000	7,777	55,777	45,971	9,806
Other Salaries	2,800	7,212	10,012	10,012	-
Other Purchased Professional and Technical Svs.	20,635	(7,351)	13,284	9,924	3,360
Other Purchased Services	14,150	4,505	18,655	14,767	3,888
Supplies and Materials	21,088	5,411	26,499	20,020	6,479
Other Objects	2,535	(1,035)	1,500	-	1,500
Total Guidance	600,379	(18,378)	582,001	546,669	35,332
Child Study Team					
Salaries of Other Professional Staff	628,778	(1,811)	626,967	624,097	2,870
Salaries of Secretarial & Clerical Assistants	79,845	848	80,693	80,334	359
Other Salaries	20,948	7,330	28,278	24,466	3,812
Purchased Professional-Educational Services	56,950	(26,521)	30,429	18,456	11,973
Miscellaneous Purchased Services	22,308	2,450	24,758	20,298	4,460
Supplies and Materials	6,939	5,363	12,302	10,020	2,282
Other Objects	2,191	-	2,191	1,102	1,089
Total Child Study Teams	817,959	(12,341)	805,618	778,773	26,845
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	226,659	35,419	262,078	251,005	11,073
Salaries of Other Professional Staff	10,000	(9,400)	600	600	-
Salaries of Secretarial & Clerical Assistants	48,200	510	48,710	48,710	-
Supplies and Materials	80,404	(43,902)	36,502	-	36,502
Other Objects	5,194	-	5,194	-	5,194
Total Improvement of Instruction Services	370,457	(17,373)	353,084	300,315	52,769
Educational Media/School Library					
Salaries	169,956	4,591	174,547	174,342	205
Salaries of Technology Coordinators	76,500	746	77,246	77,246	-
Purchased Professional and Technical Services	765	(307)	458	-	458
Other Purchased Services	5,277	40,730	46,007	26,340	19,667
Supplies and Materials	158,211	38,945	197,156	187,621	9,535
Total Educational Media/School Library	410,709	84,705	495,414	465,549	29,865
Instructional Staff Training Services					
Other Salaries	93,808	-	93,808	93,507	301
Other Purchased Services	18,278	(3,108)	15,170	7,113	8,057
Supplies and Materials	2,500	-	2,500	-	2,500
Other Objects	100	3,200	3,300	1,672	1,628
Total Instructional Staff Training Services	114,686	92	114,778	102,292	12,486

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 228,945	\$ (697)	\$ 228,248	\$ 228,248	-
Legal Services	43,000	58,259	101,259	101,259	-
Audit Fees	28,000	(6,000)	22,000	22,000	-
Other Purchased Professional Services		5,000	5,000	5,000	-
Purchased Technical Services	15,620	(4,865)	10,755	10,755	-
Communications/Telephone	82,530	27,793	110,323	105,715	\$ 4,608
BOE Other Purchased Services	2,500	(1,455)	1,045	1,045	-
Miscellaneous Purchased Services	61,000	(25,238)	35,762	35,762	-
General Supplies	8,600	(1,138)	7,462	7,032	430
BOE In-House Training/Meeting Supplies	500	(268)	232	232	-
Judgments Against the School District				55,557	(55,557)
Miscellaneous Expenditures	8,500	(1,784)	6,716	6,716	-
BOE Membership Dues and Fees	11,000	(608)	10,392	10,392	-
Total Support Services General Administration	490,195	48,999	539,194	589,713	(50,519)
Support Services School Administration					
Salaries of Principals/Asst. Principals	414,700	16,438	431,138	405,635	25,503
Salaries of Other Professional Staff	93,808	(1,219)	92,589	92,589	-
Salaries of Secretarial and Clerical Assistants	188,961	15,468	204,429	203,225	1,204
Other Purchased Services	43,024	68	43,092	40,820	2,272
Supplies and Materials	11,422	1,438	12,860	11,491	1,369
Other Objects	10,700	(222)	10,478	9,677	801
Total Support Services School Administration	762,615	31,971	794,586	763,437	31,149
Undistributed Expenditures - Central Services					
Salaries	299,876	9,495	309,371	306,205	3,166
Purchased Technical Services	14,000		14,000	13,860	140
Misc. Purchased Services	51,500	6,756	58,256	53,972	4,284
Supplies and Materials	8,000	2,000	10,000	9,367	633
Miscellaneous Expenditures	3,500	-	3,500	2,919	581
Total Undistributed Expenditures - Central Services	376,876	18,251	395,127	386,323	8,804
Required Maintenance for School Facilities					
Salaries	199,700	7,371	207,071	204,441	2,630
Purchased Technical Services		-			
Cleaning, Repair and Maintenance Services	90,187	10,566	100,753	90,732	10,021
General Supplies	10,100	38,914	49,014	15,072	33,942
Other Objects	-	1,914	1,914	1,556	358
Total Required Maintenance for School Facilities	299,987	58,765	358,752	311,801	46,951
Custodial Services					
Salaries	545,621	19,162	564,783	563,214	1,569
Cleaning, Repair and Maintenance Services	41,366	11,182	52,548	26,380	26,168
Other Purchased Property Services	40,115	(1,098)	39,017	35,323	3,694
Insurance	159,000	14,678	173,678	172,341	1,337
General Supplies	104,405	(8,635)	95,770	60,313	35,457
Energy (Electricity)	400,500	(156,242)	244,258	241,405	2,853
Energy (Natural Gas)	120,900	16,741	137,641	136,933	708
Energy (Oil)	3,200	1,430	4,630	4,630	-
Other Objects	-	9,290	9,290	9,290	-
Total Custodial Services	1,415,107	(93,492)	1,321,615	1,249,829	71,786

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXHIBIT C-1

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
Care and Upkeep of Grounds					
Salaries	-	\$ 2,872	\$ 2,872	\$ 2,677	\$ 195
Total Care and Upkeep of Grounds	-	2,872	2,872	2,677	195
Security					
Cleaning, Repair and Maintenance Services	\$ 20,000	(20,000)	-	-	-
Total Security	20,000	(20,000)	-	-	-
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	22,800	8,199	30,999	30,999	-
Salaries for Pupil Transportation (Other Than Between Home and School)	15,625	20,545	36,170	36,138	32
Cleaning, Repair and Maintenance Services	8,000	(6,759)	1,241	1,241	-
Contracted Services (Between Home and School) - Vendors	47,000	(13,009)	33,991	33,991	-
Contracted Services (Other Than Between Home and School) - Vendors	48,500	(11,156)	37,344	37,344	-
Contracted Services (Special Ed Students) - Vendors	196,600	15,055	211,655	211,655	-
Contracted Services - Aide in Lieu Payments	29,000	(27,630)	1,370	1,370	-
Miscellaneous Purchased Services - Transportation	1,000	1,107	2,107	2,107	-
General Supplies	26,000	(14,649)	11,351	11,351	-
Other Objects	2,000	(1,705)	295	295	-
Total Student Transportation Services	396,525	(30,002)	366,523	366,491	32
Unallocated Benefits					
Social Security Contributions	-	-	-	163,894	(163,894)
Total Unallocated Benefits	-	-	-	163,894	(163,894)
Allocated Benefits					
Regular Programs - Instruction					
Social Security Contributions	14,944	-	14,944	14,944	-
Other Retirement Contributions - PERS	27,413	-	27,413	27,413	-
Unemployment Compensation	72,150	(4,229)	67,921	43,305	24,616
Workmen's Compensation	34,981	(836)	34,145	34,145	-
Health Benefits	1,667,394	2,001	1,669,395	1,654,779	14,616
Tuition Reimbursement	37,037	10,500	47,537	38,132	9,405
Other Employee Benefits	-	358	358	358	-
Total Regular Programs - Instruction	1,853,919	7,794	1,861,713	1,813,076	48,637
Special Programs - Instruction					
Social Security Contributions	60,413	2,201	62,614	60,413	2,201
Other Retirement Contributions - PERS	93,876	(9,775)	84,101	55,876	28,225
Unemployment Compensation	19,720	-	19,720	19,720	-
Workmen's Compensation	26,932	(875)	26,057	26,057	-
Health Benefits	1,046,762	(7,716)	1,039,046	947,616	91,430
Tuition Reimbursement	36,950	(36,369)	581	-	581
Total Special Programs - Instruction	1,284,653	(52,534)	1,232,119	1,089,962	142,157
Other Instructional Programs - Instruction					
Social Security Contributions	17,936	-	17,936	17,936	-
Other Retirement Contributions - PERS	14,827	-	14,827	14,827	-
Unemployment Compensation	-	-	-	-	-
Workmen's Compensation	2,789	-	2,789	2,789	-
Health Benefits	69,480	(18,409)	51,071	51,070	1
Other Employee Benefits	-	-	-	-	-
Total Other Instructional Programs - Instruction	105,032	(18,409)	86,623	86,622	1
Undist. Expend. - Attendance and Social Work Services					
Social Security Contributions	190	-	190	190	-
Total Undist. Expend.-Attendance and Social Work Services	190	-	190	190	-

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXHIBIT C-1

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
Undist. Expend. - Health Services					
Social Security Contributions	\$ 3,804	\$ 2,400	\$ 6,204	\$ 5,004	\$ 1,200
Other Retirement Contributions - PERS	664		664	664	
Workmen's Compensation	1,594		1,594	1,594	
Health Benefits	61,000	(2,710)	58,290	57,669	621
Total Undist. Expend. - Health Services	67,062	(310)	66,752	64,931	1,821
Undist. Expend. - Speech, OT, PT and Related Services					
Social Security Contributions	4,500	12,000	16,500	16,500	
Workmen's Compensation	856		856	856	
Health Benefits	77,750	(11,722)	66,028	62,902	3,126
Total Undist. Expend. - Speech, OT, PT and Related Services	83,106	278	83,384	80,258	3,126
Undist. Expend. - Other Support Services - Extraordinary Services					
Social Security Contributions	5,155	-	5,155	5,155	-
Other Retirement Contributions - PERS	4,253		4,253	4,253	
Workmen's Compensation	337		337	337	
Health Benefits	111,170	(10,474)	100,696	87,817	12,879
Tuition Reimbursement	-	3,233	3,233	3,233	-
Total Undist. Expend. - Other Support Services - Extraordinary Services	120,915	(7,241)	113,674	100,795	12,879
Undist. Expend. - Guidance					
Social Security Contributions	5,342	-	5,342	5,342	
Other Retirement Contributions - PERS	12,993	-	12,993	12,993	
Workmen's Compensation	5,926	-	5,926	5,926	
Health Benefits	145,370	(10,200)	135,170	125,454	9,716
Total Undist. Expend. - Guidance	169,631	(10,200)	159,431	149,715	9,716
Undist. Expend. - Child Study Team					
Social Security Contributions	10,404	-	10,404	10,404	
Other Retirement Contributions - PERS	23,381	-	23,381	23,381	
Workmen's Compensation	4,703		4,703	4,703	
Health Benefits	138,005	7,207	145,212	124,226	20,986
Tuition Reimbursement	5,000	(1,745)	3,255	3,255	
Other Employee Benefits	700	(188)	512	-	512
Total Undist. Expend. - Child Study Team	182,193	5,274	187,467	165,969	21,498
Undist. Expend. - Improvement of Instruction Services					
Social Security Contributions	10,264	-	10,264	10,264	
Other Retirement Contributions - PERS	8,471	-	8,471	8,471	
Workmen's Compensation	1,575		1,575	1,572	3
Health Benefits	33,800	2,331	36,131	36,131	-
Total Undist. Expend. - Improvement of Instruction Services	54,110	2,331	56,441	56,438	3
Undist. Expend. - Educational Media Serv.-Sch. Library					
Social Security Contributions	10,622	-	10,622	10,622	
Other Retirement Contributions - PERS	8,765		8,765	8,765	
Unemployment Compensation	23,432	(2,601)	20,831	20,831	
Workmen's Compensation	1,564	(194)	1,370	1,370	
Health Benefits	77,370	(16,885)	60,485	59,402	1,083
Tuition Reimbursement	6,000	(5,437)	563	-	563
Total Undist. Expend. - Educ. Media Serv.-Sch. Library	127,753	(25,117)	102,636	100,990	1,646
Undist. Expend-Instructional Staff Training Services					
Social Security Contributions	7,100	-	7,100	7,100	-
Total Undist. Expend. - Instructional Staff Training Services	7,100	-	7,100	7,100	-

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXHIBIT C-1

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
Undist. Expend. - Support Serv. - General Administration					
Social Security Contributions	\$ 5,662		\$ 5,662	\$ 5,662	
Other Retirement Contributions - PERS	4,672	\$ (4,672)			
Workmen's Compensation	1,675		1,675	1,675	
Health Benefits	44,250	(7,757)	36,493	24,361	\$ 12,132
Other Employee Benefits	2,000	(2,000)	-	-	-
Total Undist. Expend. - Support Serv.-General Administration	58,259	(14,429)	43,830	31,698	12,132
Undist. Expend. - Support Serv. - School Administration					
Social Security Contributions	46,476	2,924	49,400	49,400	
Other Retirement Contributions - PERS	46,977	(4,336)	42,641	41,157	1,484
Workmen's Compensation	5,400		5,400	4,365	1,035
Health Benefits	151,675	(12,779)	138,896	119,427	19,469
Tuition Reimbursement	25,000	(16,495)	8,505		8,505
Other Employee Benefits	3,750	(68)	3,682	-	3,682
Total Undist. Expend. - Support Serv.-School Administration	279,278	(30,754)	248,524	214,349	34,175
Undist. Expend. - Support Serv.-Central Services					
Social Security Contributions	18,270	-	18,270	18,270	
Other Retirement Contributions - PERS	18,382	-	18,382	18,382	
Unemployment Compensation	4,640		4,640	4,640	
Workmen's Compensation	2,740		2,740	2,740	
Health Benefits	75,500	(13,751)	61,749	58,986	2,763
Total Undist. Expend. - Support Serv.-Central Services	119,532	(13,751)	105,781	103,018	2,763
Undist. Expend. - Operation and Maintenance of Plant Serv.					
Social Security Contributions	28,587	-	28,587	26,720	1,867
Other Retirement Contributions - PERS	23,589		23,589	23,589	
Workmen's Compensation	8,426	-	8,426	8,426	
Health Benefits	240,010	(68,842)	171,168	170,366	802
Other Employee Benefits	-	430	430	255	175
Total Undist. Expend. - Operation and Maintenance of Plant Serv.	300,612	(68,412)	232,200	229,356	2,844
Undist. Expend. - Student Transportation Services					
Social Security Contributions	3,470	-	3,470	3,470	
Other Retirement Contributions - PERS	7,343	-	7,343	7,343	
Workmen's Compensation	1,040	-	1,040	1,040	
Health Benefits	7,790	(954)	6,836	6,836	-
Total Undist. Expend. - Student Transportation Services	19,643	(954)	18,689	18,689	-
Total Allocated Benefits	4,832,988	(226,434)	4,606,554	4,313,156	293,398
On-Behalf (Non-Budget)					
TPAF Pension System Contribution (On-Behalf - Non-Budgeted)				675,361	(675,361)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				35,533	(35,533)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				803,843	(803,843)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	779,947	(779,947)
Total On-Behalf	-	-	-	2,294,684	(2,294,684)
Total Undistributed Expenditures	14,154,535	(149,626)	14,004,909	15,867,154	(1,862,245)
Total Current Expenditures	24,409,525	164,432	24,573,957	26,221,400	(1,647,443)

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Purchased Professional and Technical Services	\$ 20,000	\$ 12,234	\$ 32,234	\$ 8,537	\$ 23,697
Construction Services		40,000	40,000	36,000	4,000
Supplies and Materials	20,000	(12,234)	7,766	7,766	-
Other Objects	3,718	-	3,718	3,718	-
Total Facilities Acquisition and Construction Services	43,718	40,000	83,718	56,021	27,697
Interest Deposit to Capital Reserve	150	-	150	-	150
Total Capital Outlay	43,868	40,000	83,868	56,021	27,847
Transfer of Funds to Charter School	44,633	-	44,633	44,633	-
Total General Fund	24,498,026	204,432	24,702,458	26,322,054	(1,619,596)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(210,000)	(172,432)	(414,432)	(201,828)	212,604
Other Financing Sources (Uses)					
Transfers In	-	-	-	160	160
Total Other Financing Sources (Uses)	-	-	-	160	160
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(210,000)	(204,432)	(414,432)	(201,668)	212,764
Fund Balance, Beginning of Year	538,896	-	538,896	538,896	-
Fund Balance, End of Year	\$ 328,896	\$ (204,432)	124,464	337,228	\$ 212,764
Reconciliation of Governmental Funds Statements (GAAP)					
Restricted					
Capital Reserve				\$ 45,334	
Maintenance Reserve, Designated for Subsequent Year's Expenditures				44,500	
Assigned					
Year End Encumbrances				184,989	
Unassigned				62,405	
Fund Balance- Budgetary Basis				337,228	
Less: State Aid Revenue not recognized on GAAP basis				(119,979)	
Fund Balance per Governmental Funds Statements (GAAP)				\$ 217,249	

**TOWN OF BOONTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State		\$ 57,067	\$ 57,067	\$ 46,015	\$ (11,052)
Federal	\$ 421,243	197,740	618,983	503,480	(115,503)
Local	-	3,510	3,510	2,000	(1,510)
	<u>421,243</u>	<u>258,317</u>	<u>679,560</u>	<u>551,495</u>	<u>(128,065)</u>
Total Revenues					
	<u>421,243</u>	<u>258,317</u>	<u>679,560</u>	<u>551,495</u>	<u>(128,065)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	386,031	(187,317)	198,714	196,450	2,264
Other Salaries for Instruction		-		-	
Purchased Professional/Technical Services		47,588	47,588	38,934	8,654
Other Purchased Services	10,516	8,387	18,903	-	18,903
Tuition		299,409	299,409	283,162	16,247
General Supplies		26,362	26,362	7,874	18,488
Textbooks	-	6,923	6,923	4,756	2,167
	<u>396,547</u>	<u>201,352</u>	<u>597,899</u>	<u>531,176</u>	<u>66,723</u>
Total Instruction					
	<u>396,547</u>	<u>201,352</u>	<u>597,899</u>	<u>531,176</u>	<u>66,723</u>
Support Services					
Salaries of Other Professional Staff		26,205	26,205	12,973	13,232
Personal Services - Employee Benefits		39,289	39,289	-	39,289
Purchased Professional - Educational Services	24,696	(11,731)	12,965	7,346	5,619
Other Purchased Services		1,692	1,692	-	1,692
Supplies and Materials	-	1,510	1,510	-	1,510
	<u>24,696</u>	<u>56,965</u>	<u>81,661</u>	<u>20,319</u>	<u>61,342</u>
Total Support Services					
	<u>24,696</u>	<u>56,965</u>	<u>81,661</u>	<u>20,319</u>	<u>61,342</u>
Total Expenditures					
	<u>421,243</u>	<u>258,317</u>	<u>679,560</u>	<u>551,495</u>	<u>128,065</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF BOONTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 26,120,226	\$ 551,495
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(493)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	148,529	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(119,979)</u>	<u>-</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 26,148,776</u>	<u>\$ 551,002</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 26,322,054	\$ 551,495
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.	<u>-</u>	<u>(493)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 26,322,054</u>	<u>\$ 551,002</u>

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

TOWN OF BOONTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	No Child Left Behind				IDEA Part B, Basic Regular 2012-13	IDEA Preschool 2012-13	Total Page 2	Total
	Title I 2012-13	Title II-A 2012-13	Title II-A 2011-12	Title III 2012-13				
REVENUES								
Intergovernmental								
State	\$ 159,672	\$ 8,628	\$ 25,449	\$ 15,525	\$ 281,872	\$ 10,973	\$ 46,015	\$ 46,015
Federal	-	-	-	-	-	-	-	503,480
Local Sources	-	-	-	-	-	-	2,000	2,000
Total Revenues	\$ 159,672	\$ 8,628	\$ 25,449	\$ 15,525	\$ 281,872	\$ 10,973	\$ 48,015	\$ 551,495
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 159,672	\$ 5,294	\$ 21,508	\$ 9,976				\$ 196,450
Other Salaries for Instruction								
Purchased Professional & Technical Services								
Other Purchased Services								\$ 38,934
Tuition								
General Supplies				5,549	\$ 281,872		2,325	283,162
Textbooks							4,756	7,874
Other Objects								4,756
Total Instruction	159,672	5,294	21,508	15,525	281,872		46,015	551,176
Support Services								
Salary of Other Professional Staff						\$ 10,973	2,000	12,973
Personal Services Employee-Benefits								
Purchased Professional/ Educational Services	\$ 71	3,334	3,941					7,346
Other Purchased Services								
Supplies and Materials								
Total Support Services	71	3,334	3,941			10,973	2,000	20,319
Total Expenditures	\$ 159,672	\$ 8,628	\$ 25,449	\$ 15,525	\$ 281,872	\$ 10,973	\$ 48,015	\$ 551,495

(Continued)

TOWN OF BOONTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Nonpublic Handicapped Services							Other Local Grants	Total
	Nonpublic Auxiliary Services	Supplemental Instruction	Examination & Classification	Corrective Speech	Nonpublic Technology	Nonpublic Nursing	Nonpublic Textbooks		
REVENUES									
Intergovernmental									
State	\$ 4,180	\$ 7,285	\$ 16,536	\$ 3,672	\$ 2,325	\$ 7,261	\$ 4,756	\$ 46,015	
Federal	-	-	-	-	-	-	-	-	
Local Sources	-	-	-	-	-	-	-	2,000	
	<u>\$ 4,180</u>	<u>\$ 7,285</u>	<u>\$ 16,536</u>	<u>\$ 3,672</u>	<u>\$ 2,325</u>	<u>\$ 7,261</u>	<u>\$ 4,756</u>	<u>\$ 48,015</u>	
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 4,180	\$ 7,285	\$ 16,536	\$ 3,672	\$ -	\$ 7,261	\$ -	\$ 38,934	
Purchased Professional & Technical Services	-	-	-	-	\$ 2,325	-	\$ 4,756	2,325	
Tuition	-	-	-	-	-	-	-	-	
General Supplies	-	-	-	-	-	-	-	-	
Textbooks	-	-	-	-	-	-	-	-	
Other Objects	-	-	-	-	-	-	-	-	
Total Instruction	<u>4,180</u>	<u>7,285</u>	<u>16,536</u>	<u>3,672</u>	<u>2,325</u>	<u>7,261</u>	<u>4,756</u>	<u>46,015</u>	
Support Services									
Salaries of Other Professional Staff	-	-	-	-	-	-	\$ 2,000	2,000	
Personal Services Employee-Benefits	-	-	-	-	-	-	-	-	
Purchased Professional/ Educational Services	-	-	-	-	-	-	-	-	
Other Purchased Services	-	-	-	-	-	-	-	-	
Supplies and Materials	-	-	-	-	-	-	-	-	
Total Support Services	-	-	-	-	-	-	2,000	2,000	
Total Expenditures	<u>\$ 4,180</u>	<u>\$ 7,285</u>	<u>\$ 16,536</u>	<u>\$ 3,672</u>	<u>\$ 2,325</u>	<u>\$ 7,261</u>	<u>\$ 4,756</u>	<u>\$ 48,015</u>	

**TOWN OF BOONTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**TOWN OF BOONTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2013</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Various Improvements	<u>\$ 23,581,325</u>	<u>\$ 19,706,229</u>	<u>\$ 3,749,382</u>	<u>\$ 125,714</u>
Recapitulation:				
Unexpended Balance, June 30, 2013				\$ 125,714
Less:				
Debt Authorized but not Issued				<u>(325)</u>
Fund Balance, June 30, 2013 (GAAP Basis)				<u>\$ 125,389</u>

**TOWN OF BOONTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Revenues and Other Financing Sources

Interest on Investments	\$ <u>160</u>
Total Revenues and Other Financing Sources	<u>160</u>

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	227,782
Construction Services	3,521,600
Transfer to General Fund	<u>160</u>
Total Expenditures and Other Financing Uses	<u>3,749,542</u>

Excess (Deficiency) of Revenues and Other Financing Sources

Over (Under) Expenditures and Other Financing Uses (3,749,382)

Fund Balance- Beginning of Year

3,874,771

Fund Balance- End of Year

\$ 125,389

Recapitulation:

Reserved for Encumbrances \$ 1

Restricted for Capital Projects 125,388\$ 125,389

**TOWN OF BOONTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 23,581,000	-	\$ 23,581,000	\$ 23,581,000
Total Revenues and Other Financing Sources	<u>23,581,000</u>	<u>-</u>	<u>23,581,000</u>	<u>23,581,000</u>
Expenditures and Other Financing Uses				
Legal Services	28,206		28,206	28,206
Purchased Professional and Technical Services	2,943,064	\$ 227,782	3,170,846	3,171,497
Other Purchased Services	1,294,768		1,294,768	1,294,768
Construction Services	15,440,191	3,521,600	18,961,791	19,086,529
Total Expenditures and Other Financing Uses	<u>19,706,229</u>	<u>3,749,382</u>	<u>23,455,611</u>	<u>23,581,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 3,874,771</u>	<u>\$ (3,749,382)</u>	<u>\$ 125,389</u>	<u>\$ -</u>
Additional Project Information:				
Project Numbers:				
High School			#0450-020-07-1000	
John Hill Elementary			#0450-030-07-1000	
Grant Date			3/29/2007	
Bond Authorization Date			2007	
Bonds Authorized	\$ 23,581,325			
Bonds Issued	23,581,000			
Original Authorization Cost	23,581,325			
Additional Authorization Cost	-			
Revised Authorized Cost	<u>23,581,325</u>			
Percentage Increase Over Original				
Authorized Cost			0%	
Percentage Completion			99%	
Original Target Completion Date			9/1/2009	
Revised Target Completion Date			9/1/2013	

PROPRIETARY FUNDS

**TOWN OF BOONTON SCHOOL DISTRICT
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

	<u>Food Service</u>	<u>Bridges to Learning Program</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 31,357	\$ 157,434	\$ 188,791
Receivables			
Intergovernmental	14,493		14,493
Due from Other Funds	15,557		15,557
Inventories	14,317	-	14,317
Total Current Assets	<u>75,724</u>	<u>157,434</u>	<u>233,158</u>
Capital Assets			
Furniture, Machinery and Equipment	229,230		229,230
Less Accumulated Depreciation	<u>(169,972)</u>	<u>-</u>	<u>(169,972)</u>
Total Capital Assets	<u>59,258</u>	<u>-</u>	<u>59,258</u>
Total Assets	<u>134,982</u>	<u>157,434</u>	<u>292,416</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	55,584		55,584
Due to Other Funds	<u>-</u>	<u>98,432</u>	<u>98,432</u>
Total Current Liabilities	<u>55,584</u>	<u>98,432</u>	<u>154,016</u>
DEFERRED INFLOWS OF RESOURCES			
Unused Government Commodities	<u>1,449</u>	<u>-</u>	<u>1,449</u>
Total Deferred Inflows of Resources	<u>1,449</u>	<u>-</u>	<u>1,449</u>
Total Liabilities and Deferred Inflows of Resources	<u>57,033</u>	<u>98,432</u>	<u>155,465</u>
NET POSITION			
Net Investment in Capital Assets	59,258		59,258
Unrestricted	<u>18,691</u>	<u>59,002</u>	<u>77,693</u>
Total Net Position	<u>\$ 77,949</u>	<u>\$ 59,002</u>	<u>\$ 136,951</u>

**TOWN OF BOONTON SCHOOL DISTRICT
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>Bridges to Learning Program</u>	<u>Total</u>
OPERATING REVENUES			
Local Sources			
Daily Sales Non-Reimbursable Programs	\$ 262,133		\$ 262,133
Program Fees		\$ 243,430	243,430
Miscellaneous	997	2,670	3,667
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	263,130	246,100	509,230
OPERATING EXPENSES			
Salaries and Wages	186,044	201,699	387,743
Other Purchased Services	26,890		26,890
Supplies and Materials	22,165		22,165
Repairs and Maintenance	10,844		10,844
Cost of Sales	203,873		203,873
Miscellaneous	30,670	14,615	45,285
Depreciation	8,327	-	8,327
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	488,813	216,314	705,127
Operating Income (Loss)	<hr/> (225,683)	<hr/> 29,786	<hr/> (195,897)
Nonoperating Revenues			
State Sources			
School Lunch Program	4,976		4,976
Federal Sources			
School Breakfast Program	36,894		36,894
School Lunch Program	202,585		202,585
Interest Income	42	205	247
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	244,497	205	244,702
Change in Net Position	18,814	29,991	48,805
Net Position, Beginning of Year (Restated)	<hr/> 59,135	<hr/> 29,011	<hr/> 88,146
Net Position, End of Year	<hr/> <u>\$ 77,949</u>	<hr/> <u>\$ 59,002</u>	<hr/> <u>\$ 136,951</u>

**TOWN OF BOONTON SCHOOL DISTRICT
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>Bridges to Learning Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 263,130	\$ 246,100	\$ 509,230
Cash Payments for Employees Salaries & Benefits	(186,044)	(201,699)	(387,743)
Cash Payments to Suppliers for Goods and Services	<u>(307,342)</u>	<u>(14,615)</u>	<u>(321,957)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(230,256)</u>	<u>29,786</u>	<u>(200,470)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Other Funds	4,858		4,858
Cash Received from Other Governments	<u>217,970</u>	<u>98,432</u>	<u>316,402</u>
Net Cash Provided by Noncapital Financing Activities	<u>222,828</u>	<u>98,432</u>	<u>321,260</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	<u>42</u>	<u>205</u>	<u>247</u>
Net Cash Provided by Investing Activities	<u>42</u>	<u>205</u>	<u>247</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,386)	128,423	121,037
Cash and Cash Equivalents, Beginning of Year	<u>38,743</u>	<u>29,011</u>	<u>67,754</u>
Cash and Cash Equivalents, End of Year	<u>\$ 31,357</u>	<u>\$ 157,434</u>	<u>\$ 188,791</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (225,683)	\$ 29,786	\$ (195,897)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	8,327		8,327
Non-Cash Federal Assistance - Food Distribution Program	20,710		20,710
Change in Assets, Deferred Inflows of Resources and Liabilities			
Increase/(Decrease) in Accounts Payable	(25,181)		(25,181)
Increase/(Decrease) in Deferred Inflows of Resources	1,449		1,449
Decrease/(Increase) in Inventory	<u>(9,878)</u>	<u>-</u>	<u>(9,878)</u>
Total Adjustments	<u>(4,573)</u>	<u>-</u>	<u>(4,573)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (230,256)</u>	<u>\$ 29,786</u>	<u>\$ (200,470)</u>
Non-Cash Investing, Capital and Financing Activities: Value Received - Food Distribution Program	\$ 19,261		\$ 19,261

FIDUCIARY FUNDS

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET POSITION
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 94,434	\$ 457,030	\$ 551,464
Due from Other Funds	<u>-</u>	<u>108,870</u>	<u>108,870</u>
Total Assets	<u>\$ 94,434</u>	<u>\$ 565,900</u>	<u>\$ 660,334</u>
LIABILITIES			
Summer Savings		\$ 351,476	\$ 351,476
Payroll Deductions and Withholdings Payable		196,423	196,423
Due to Student Groups	\$ 92,937		92,937
Due to Other Funds			
General Fund	1,497		1,497
Unemployment Compensation Trust	<u>-</u>	<u>18,001</u>	<u>18,001</u>
Total Liabilities	<u>\$ 94,434</u>	<u>\$ 565,900</u>	<u>\$ 660,334</u>

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**TOWN OF BOONTON SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance, July 1, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursed</u>	Balance, June 30, <u>2013</u>
Elementary Schools				
School Street School	\$ 2,488	\$ 8,763	\$ 9,240	\$ 2,011
John Hill School	<u>12,261</u>	<u>14,969</u>	<u>13,523</u>	<u>13,707</u>
Total Elementary Schools	<u>14,749</u>	<u>23,732</u>	<u>22,763</u>	<u>15,718</u>
Middle School				
Student Activities	<u>3,946</u>	<u>19,627</u>	<u>23,552</u>	<u>21</u>
High School				
High School	<u>55,047</u>	<u>102,378</u>	<u>81,757</u>	<u>75,668</u>
Athletic Department				
Athletic Department - Middle School	586	2,603	2,823	366
Athletic Department - High School	<u>296</u>	<u>35,369</u>	<u>33,004</u>	<u>2,661</u>
Total Athletic Departments	<u>882</u>	<u>37,972</u>	<u>35,827</u>	<u>3,027</u>
Total	<u>\$ 74,624</u>	<u>\$ 183,709</u>	<u>\$ 163,899</u>	<u>\$ 94,434</u>
Analysis of Balance				
Due to Student Groups				\$ 92,937
Due to Other Funds				<u>1,497</u>
				<u>\$ 94,434</u>

**TOWN OF BOONTON SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance, July 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2013</u>
Payroll Deductions and Withholdings		\$ 7,318,444	\$ 7,122,021	\$ 196,423
Accrued Salaries and Wages		9,448,555	9,448,555	
Summer Savings	\$ 304,050	386,412	338,986	351,476
Due to (from) Other Funds	<u>99,780</u>	<u>49,461</u>	<u>240,110</u>	<u>(90,869)</u>
 Total All Schools	 <u>\$ 403,830</u>	 <u>\$ 17,202,872</u>	 <u>\$ 17,149,672</u>	 <u>\$ 457,030</u>

LONG-TERM DEBT

EXHIBIT I-1

TOWN OF BOONTON SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Matured</u>	<u>Balance, June 30, 2013</u>
Various Improvements to District Buildings	07/20/07	\$ 23,581,000	01/15/14	\$ 645,000	4.500%			
			01/15/15	670,000	4.500%			
			01/15/16	700,000	4.500%			
			01/15/17	730,000	4.500%			
			01/15/18	760,000	4.500%			
			01/15/19	795,000	4.500%			
			01/15/20	830,000	4.500%			
			01/15/21	865,000	4.500%			
			01/15/22	900,000	4.500%			
			01/15/23	940,000	4.500%			
			01/15/24	980,000	4.500%			
			01/15/25	1,025,000	4.500%			
			01/15/26	1,065,000	4.500%			
			01/15/27	1,115,000	4.625%			
		01/15/28	1,160,000	4.625%				
		01/15/29	1,210,000	4.625%				
		01/15/30	1,260,000	4.625%				
		01/15/31	1,315,000	4.625%				
		01/15/32	1,375,000	4.625%				
		01/15/33	1,430,000	4.625%				
		01/15/34	1,495,000	4.625%				
						\$ 21,880,000	\$ 615,000	\$ 21,265,000

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

NOT APPLICABLE

**TOWN OF BOONTON SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,194,540		\$ 1,194,540	\$ 1,194,540	
State Sources					
Debt Service State Aid	412,440	-	412,440	412,440	-
Total Revenues	<u>1,606,980</u>	<u>-</u>	<u>1,606,980</u>	<u>1,606,980</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	615,000		615,000	615,000	-
Interest and Other Charges	997,550	-	997,550	997,550	-
Total Expenditures	<u>1,612,550</u>	<u>-</u>	<u>1,612,550</u>	<u>1,612,550</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,570)</u>	<u>-</u>	<u>(5,570)</u>	<u>(5,570)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>5,570</u>	<u>-</u>	<u>5,570</u>	<u>5,570</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities									
Net Investment in Capital Assets	\$ 2,092,983	\$ 2,186,702	\$ 2,995,066	\$ (13,775,082)	\$ (12,818,191)	\$ (12,043,491)	\$ 4,027,021	\$ 4,481,950	\$ 4,712,737
Restricted	382,912	66,607	695,132	17,419,462	16,663,278	16,167,036	118,628	141,313	89,834
Unrestricted	(910,066)	(428,046)	22,535	(131,089)	(524,984)	(342,396)	90,764	(419,296)	(534,686)
Total Governmental Activities Net Position	\$ 1,565,829	\$ 1,825,263	\$ 3,712,733	\$ 3,513,291	\$ 3,320,103	\$ 3,781,149	\$ 4,236,413	\$ 4,203,967	\$ 4,267,885
Business-Type Activities									
Net Investment in Capital Assets	\$ 8,689	\$ 7,465	\$ 9,415	\$ 8,432	\$ 7,449	\$ 18,376	\$ 16,982	\$ 21,446	\$ 59,258
Unrestricted	106,030	122,295	31,114	31,012	32,965	39,576	30,586	20,561	77,693
Total Business-Type Activities Net Position	\$ 114,719	\$ 129,760	\$ 40,529	\$ 39,444	\$ 40,414	\$ 57,952	\$ 47,568	\$ 42,007	\$ 136,951
District-Wide									
Net Investment in Capital Assets	\$ 2,101,672	\$ 2,194,167	\$ 3,004,481	\$ (13,766,650)	\$ (12,810,742)	\$ (12,025,115)	\$ 4,044,003	\$ 4,503,396	\$ 4,771,995
Restricted	382,912	66,607	695,132	17,419,462	16,663,278	16,167,036	118,628	141,313	89,834
Unrestricted	(804,036)	(305,751)	53,649	(100,077)	(492,019)	(302,820)	121,350	(398,735)	(456,993)
Total District Net Position	\$ 1,680,548	\$ 1,955,023	\$ 3,753,262	\$ 3,552,735	\$ 3,360,517	\$ 3,839,101	\$ 4,283,981	\$ 4,245,974	\$ 4,404,836

Note:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 6,814,467	\$ 6,479,847	\$ 8,407,469	\$ 9,468,522	\$ 8,907,683	\$ 9,650,239	\$ 9,426,655	\$ 9,486,157	\$ 10,990,800
Special Education	2,006,607	2,135,592	2,351,205	2,792,796	3,334,070	3,549,500	4,594,746	4,846,099	5,723,331
Other Instruction	432,694	576,063	366,300	437,598	427,124	500,647	610,474	819,048	505,841
School Sponsored Co-Curricular Activities	654,292	582,507	515,193	714,623	759,521	829,232	685,144	787,917	866,832
Support Services:									
Tuition	1,007,392	1,073,112	1,131,804	1,523,142	1,421,188	1,363,419	-	-	-
Student & Instruction Related Services	2,222,132	2,045,894	2,537,311	3,295,140	3,554,011	3,882,064	4,237,954	4,469,183	4,544,871
General Administration Services	723,741	544,471	560,943	737,008	558,643	567,315	579,779	559,059	649,618
School Administrative Services	1,027,371	1,099,749	1,172,762	1,064,782	994,601	1,090,635	1,262,258	1,086,705	1,131,944
Central Services	416,813	472,354	456,346	460,410	467,255	349,424	428,354	479,799	503,342
Business Administrative Services	69	69	-	-	-	-	-	-	-
Plant Operations and Maintenance	1,833,056	1,821,520	2,031,783	2,258,921	2,176,050	2,236,055	2,038,944	1,943,356	2,230,095
Pupil Transportation	386,311	407,557	450,743	490,617	471,548	395,462	352,462	323,435	437,726
Unallocated Benefits	1,637,448	1,699,041	-	-	-	-	-	-	-
Special Schools	33,000	37,514	35,000	38,000	-	-	-	-	-
Charter Schools	36,282	33,553	36,504	41,006	40,366	33,442	-	-	-
Interest On Long-Term Debt	-	-	-	1,014,423	1,074,095	1,062,834	1,040,028	1,011,931	984,866
Unallocated Depreciation	143,392	8,519	158,046	139,456	129,625	119,138	119,138	119,138	-
Unallocated Expenditures	-	-	-	-	-	-	-	-	-
Capital Outlay - Nondepreciable	215,749	151,560	-	-	6,950	508	-	-	-
Total Governmental Activities Expenses	19,590,816	19,168,922	20,211,409	24,476,444	24,322,730	25,629,914	25,375,936	25,931,827	28,569,266
Business-Type Activities:									
Food Service	407,682	432,623	446,768	442,119	423,863	420,046	455,104	482,533	488,813
Bridges to Learning	-	-	-	-	-	-	-	223,765	216,314
Academy School	391,653	53,599	-	-	-	-	-	-	-
Total Business-Type Activities Expense	799,335	486,222	446,768	442,119	423,863	420,046	455,104	706,298	705,127
Total District Expenses	\$ 20,390,151	\$ 19,655,144	\$ 20,658,177	\$ 24,918,563	\$ 24,746,593	\$ 26,049,960	\$ 25,831,040	\$ 26,638,125	\$ 29,274,393
Program Revenues									
Governmental Activities:									
Charges For Services:									
Tuition	-	-	\$ 3,716,535	\$ 4,595,583	\$ 4,608,138	\$ 4,765,154	\$ 4,694,605	\$ 4,632,374	\$ 6,544,697
Operating Grants And Contributions	\$ 822,489	\$ 738,311	3,804,301	3,994,060	2,574,195	2,917,992	2,980,199	3,492,361	3,868,854
Total Governmental Activities Program Revenues	822,489	738,311	7,520,836	8,589,643	7,182,333	7,683,146	7,674,804	8,124,735	10,413,551
Business-Type Activities:									
Charges For Services									
Food Service	311,888	341,621	316,915	\$ 295,101	\$ 269,706	\$ 256,408	\$ 258,034	\$ 249,198	\$ 263,130
Bridges to Learning	-	-	-	-	-	-	-	252,677	246,100
Academy School	481,338	53,582	-	-	-	-	-	-	-
Operating Grants And Contributions	93,967	102,448	130,190	143,481	154,265	180,373	186,456	198,668	244,455
Total Business Type Activities Program Revenues	887,193	497,651	447,105	438,582	423,971	436,781	444,490	700,543	753,685
Total District Program Revenues	\$ 1,709,682	\$ 1,235,962	\$ 7,967,941	\$ 9,028,225	\$ 7,606,304	\$ 8,119,927	\$ 8,119,294	\$ 8,825,278	\$ 11,167,236
Net (Expense)/Revenue									
Governmental Activities	\$ (18,768,327)	\$ (18,430,611)	\$ (12,690,573)	\$ (15,886,801)	\$ (17,140,397)	\$ (17,946,768)	\$ (17,701,132)	\$ (17,807,092)	\$ (18,155,715)
Business-Type Activities	87,858	11,429	337	(3,537)	108	16,735	(10,614)	(5,755)	48,558
Total District-Wide Net Expense	\$ (18,680,469)	\$ (18,419,182)	\$ (12,690,236)	\$ (15,890,338)	\$ (17,140,289)	\$ (17,930,033)	\$ (17,711,746)	\$ (18,812,847)	\$ (18,107,157)
General Revenues And Other Changes In Net Assets									
Governmental Activities:									
Property Taxes Levied For General Purposes	\$ 10,880,419	\$ 11,726,391	\$ 13,755,266	\$ 14,051,450	\$ 14,550,560	\$ 15,132,756	\$ 15,721,418	\$ 15,721,594	\$ 15,977,947
Taxes Levied For Debt Service	-	-	-	-	593,783	1,132,600	1,207,149	1,201,263	1,194,540
Federal and State Aid - Unrestricted	2,844,554	2,937,858	476,479	514,214	1,492,471	1,663,446	72,788	323,288	417,889
State Aid - Restricted for Debt Service Principal	-	-	-	-	-	-	144,510	150,904	157,298
Tuition	3,473,038	3,755,508	-	-	-	-	-	-	-
Investment Earnings	144	24,481	45,892	864,915	280,826	46,464	18,791	2,640	251
Miscellaneous Income	63,068	233,964	191,955	256,780	40,769	432,548	991,740	374,957	145,442
State Aid - State Facilities Grant	184,349	11,843	-	-	-	-	-	-	-
Transfers	-	-	108,451	-	-	-	-	-	-
SDA Grant-Cancelled	-	-	-	-	(11,200)	-	-	-	-
Total Governmental Activities	17,445,572	18,690,045	14,578,043	15,687,359	16,947,209	18,407,814	18,156,396	17,774,646	17,893,367

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

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-Type Activities:									
Investment Earnings	1,412	\$ 3,612	\$ 4,053	\$ 2,452	\$ 862	\$ 803	\$ 230	\$ 194	\$ 247
Transfers	-	-	(93,621)	-	-	-	-	-	-
Total Business-Type Activities	<u>1,412</u>	<u>3,612</u>	<u>(89,568)</u>	<u>2,452</u>	<u>862</u>	<u>803</u>	<u>230</u>	<u>194</u>	<u>247</u>
Total District-Wide	<u>\$ 17,446,984</u>	<u>\$ 18,693,657</u>	<u>\$ 14,488,475</u>	<u>\$ 15,689,811</u>	<u>\$ 16,948,071</u>	<u>\$ 18,408,617</u>	<u>\$ 18,156,626</u>	<u>\$ 17,774,840</u>	<u>\$ 17,893,614</u>
Change In Net Position									
Governmental Activities	\$ (1,322,755)	\$ 259,434	\$ 1,887,470	\$ (199,442)	\$ (193,188)	\$ 461,046	\$ 455,264	\$ (32,446)	\$ (262,348)
Business-Type Activities	89,270	15,041	(89,231)	(1,085)	970	17,538	(10,384)	(5,561)	48,805
Total District	<u>\$ (1,233,485)</u>	<u>\$ 274,475</u>	<u>\$ 1,798,239</u>	<u>\$ (200,527)</u>	<u>\$ (192,218)</u>	<u>\$ 478,584</u>	<u>\$ 444,880</u>	<u>\$ (38,007)</u>	<u>\$ (213,543)</u>

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$ 225,260	\$ 53,435	\$ 1,051,187	\$ 693,792	\$ 812,888	\$ 590,771
Unreserved	(484,460)	(7,708)	434,306	860,280	358,609	401,496
Nonspendable						
Restricted						
Assigned						
Unassigned						
Total General Fund	\$ (259,200)	\$ 45,727	\$ 1,485,493	\$ 1,554,072	\$ 1,171,497	\$ 992,267
All Other Governmental Funds						
Reserved				\$ 1,410,970	\$ 210,763	\$ 1,469,245
Unreserved	\$ 145,346	\$ 9,543	\$ (356,055)	15,314,700	15,639,627	14,107,020
Restricted						
Total All Other Governmental Funds	\$ 145,346	\$ 9,543	\$ (356,055)	\$ 16,725,670	\$ 15,850,390	\$ 15,576,265
Total Governmental Funds	\$ (113,854)	\$ 55,270	\$ 1,129,438	\$ 18,279,742	\$ 17,021,887	\$ 16,568,532
General Fund						
Reserved						
Unreserved						
Nonspendable						
Restricted						
Assigned						
Unassigned						
Total Governmental Funds	\$ (113,854)	\$ 55,270	\$ 1,129,438	\$ 18,279,742	\$ 17,021,887	\$ 16,568,532
2011						
Reserved						
Unreserved						
Nonspendable						
Restricted						
Assigned						
Unassigned						
Total General Fund	\$ (259,200)	\$ 45,727	\$ 1,485,493	\$ 1,554,072	\$ 1,171,497	\$ 992,267
All Other Governmental Funds						
Reserved						
Unreserved						
Restricted						
Total All Other Governmental Funds	\$ 145,346	\$ 9,543	\$ (356,055)	\$ 16,725,670	\$ 15,850,390	\$ 15,576,265
Total Governmental Funds	\$ (113,854)	\$ 55,270	\$ 1,129,438	\$ 18,279,742	\$ 17,021,887	\$ 16,568,532
2012						
Reserved						
Unreserved						
Nonspendable						
Restricted						
Assigned						
Unassigned						
Total General Fund	\$ (259,200)	\$ 45,727	\$ 1,485,493	\$ 1,554,072	\$ 1,171,497	\$ 992,267
All Other Governmental Funds						
Reserved						
Unreserved						
Restricted						
Total All Other Governmental Funds	\$ 145,346	\$ 9,543	\$ (356,055)	\$ 16,725,670	\$ 15,850,390	\$ 15,576,265
Total Governmental Funds	\$ (113,854)	\$ 55,270	\$ 1,129,438	\$ 18,279,742	\$ 17,021,887	\$ 16,568,532
2013						
Reserved						
Unreserved						
Nonspendable						
Restricted						
Assigned						
Unassigned						
Total General Fund	\$ (259,200)	\$ 45,727	\$ 1,485,493	\$ 1,554,072	\$ 1,171,497	\$ 992,267
All Other Governmental Funds						
Reserved						
Unreserved						
Restricted						
Total All Other Governmental Funds	\$ 145,346	\$ 9,543	\$ (356,055)	\$ 16,725,670	\$ 15,850,390	\$ 15,576,265
Total Governmental Funds	\$ (113,854)	\$ 55,270	\$ 1,129,438	\$ 18,279,742	\$ 17,021,887	\$ 16,568,532

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**TOWN OF BOONTON SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS**

(Unaudited)

(modified accrual basis of accounting)

Fiscal Year Ended June 30,

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues									
Property Tax Levy	\$ 10,880,419	\$ 11,726,391	\$ 13,755,266	\$ 14,051,450	\$ 15,144,343	\$ 16,265,356	\$ 16,928,567	\$ 16,922,857	\$ 17,172,487
Tuition Charges	3,500,353	3,798,677	3,716,535	4,595,583	4,608,138	4,765,154	4,694,605	4,632,374	6,544,697
Interest Earnings	19,973	24,481	45,892	864,915	280,826	46,464	18,791	2,640	251
Miscellaneous	15,924	184,170	198,521	265,326	57,532	447,995	995,545	376,806	147,442
State Sources	3,191,424	3,193,255	3,877,756	4,064,676	3,575,499	3,642,973	2,547,047	3,332,361	3,875,697
Federal Sources	475,619	466,018	396,458	435,052	474,404	923,018	646,645	632,343	566,344
Total Revenue	18,083,712	19,392,992	21,990,428	24,277,002	24,140,742	26,090,960	25,831,200	25,899,381	28,306,918
Expenditures									
Instruction									
Regular Instruction	5,855,847	5,414,319	5,545,621	6,373,444	6,356,752	6,565,413	9,445,022	9,488,666	10,769,675
Special Education Instruction	1,575,730	1,684,533	1,925,424	2,241,865	2,602,974	2,799,897	4,594,746	4,846,099	5,723,331
Other Instruction	365,691	494,886	366,146	436,663	428,062	503,965	610,474	819,048	505,841
School Sponsored Co-Curricular Activ.	489,184	415,876	485,976	648,230	680,867	740,734	685,144	787,917	866,832
Support Services									
Tuition	982,418	971,545	1,131,804	1,523,142	1,421,188	1,363,419			
Student & Instruction Related Services	2,171,428	2,000,434	2,207,515	2,861,700	3,080,149	3,301,057	4,236,357	4,467,586	4,513,515
General Administration Services	455,518	504,606	536,207	719,640	523,155	532,845	579,779	559,059	636,429
School Administrative Services	860,240	909,296	979,071	844,083	872,074	919,032	1,260,609	1,085,056	1,077,998
Central Services	335,552	384,646	382,269	350,119	421,519	326,920	428,354	479,799	503,342
Plant Operations And Maintenance	1,554,289	1,573,604	1,719,669	1,902,167	1,795,537	1,875,060	2,038,944	1,943,356	1,836,200
Pupil Transportation	371,016	393,892	433,857	476,023	458,753	382,887	352,462	323,435	387,590
Allocated Benefits			2,412,618	2,751,512	3,238,830	3,761,189			
Unallocated Benefits	2,369,711	4,029,101	2,369,873	2,429,510	1,396,111	1,515,577			
TPAF Pension/Social Security	1,608,834								
Unallocated Expenditures									
Special Schools	33,000	37,514	35,000	38,000					
Charter Schools	36,282	33,553	36,504	41,006	40,366	33,442			
Capital Outlay	98,857	156,231	757,157	6,548,464	996,965	302,783	2,049,835	9,651,659	3,801,685
Debt Service:									
Principal					546,000	546,000	629,218	590,000	615,000
Interest And Other Charges	-	-	-	522,130	1,074,095	1,074,095	1,051,681	1,024,100	997,550
Total Expenditures	19,103,597	19,004,036	21,324,711	30,707,698	25,933,397	26,544,315	27,962,625	36,065,780	32,234,988
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(1,019,885)	388,956	665,717	(6,430,696)	(1,792,655)	(453,355)	(2,131,425)	(10,166,399)	(3,928,070)
Other Financing Sources (Uses)									
Bond Proceeds				23,581,000					
Grant Receivable Cancelled									
Transfers In	65,832	5,756	408,451	831,734	280,520	36,624	12,604	2,455	160
Transfers Out	(340,879)	(84,108)	-	(831,734)	(280,520)	(36,624)	(12,604)	(2,455)	(160)
Total Other Financing Sources (Uses)	(275,047)	(78,352)	408,451	23,581,000	-	-	-	-	-
Net Change In Fund Balances	\$ (1,294,932)	\$ 310,604	\$ 1,074,168	\$ 17,150,304	\$ (1,792,655)	\$ (453,355)	\$ (2,131,425)	\$ (10,166,399)	\$ (3,928,070)
Debt Service As A Percentage Of Noncapital Expenditures	0.00%	0.00%	0.00%	2.16%	6.50%	6.17%	6.49%	6.11%	5.67%

* Noncapital expenditures are total expenditures less capital outlay.

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals	Refunds	Prior Year Accounts Receivable Cancelled	Reimbursement of Dental Premiums	Summer School Tuition	Prior Year Taxes	Other	Total
2004	\$ 23,239	\$ 3,758,398	\$ 550	\$ 16,942				\$ 67,613	\$ 3,866,742	
2005	19,973	3,500,353	1,225	13,620				53,243	3,588,424	
2006	24,209	3,755,508		100,851			\$ 43,169	66,423	3,990,160	
2007	45,892	3,716,535	68,573	5,209		\$ 14,167	50,041	60,431	3,960,948	
2008	33,181	4,595,583	99,731	27,873		15,133	56,236	57,807	4,885,544	
2009	17,108	4,608,138	251	38,576	(24,371)	15,913		10,400	4,666,015	
2010	9,840	4,765,154	305,193	27,825		16,020		83,510	5,207,542	
2011	6,187	4,694,605	112,664				\$ 550,168	328,908	5,692,532	
2012	4,022	4,632,374	76,033	125,480				169,607	5,007,516	
2013	91	6,544,697	44,829					100,613	6,690,230	

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

Year Ended December	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^a
2004	\$ 10,649,700	\$ 424,474,800	\$ 218,700	\$ 1,700	\$ 73,004,700	\$ 37,302,900	\$ 10,138,900	\$ 555,791,400	\$ 5,213,527	\$ 561,004,927	\$ 876,959,284	\$ 1.98
2005	4,983,300	428,864,100	218,700	1,700	80,196,900	35,995,800	10,138,900	560,399,400	4,913,520	565,312,920	990,781,314	2.230
2006	3,948,100	434,870,700	218,700	1,700	79,620,900	35,995,800	9,339,000	563,994,900	3,839,208	567,834,108	1,150,613,427	2.230
2007	4,056,200	438,059,900	218,700	1,700	80,898,000	3,601,780	9,339,000	536,175,280	3,584,868	539,760,148	1,251,303,645	2.410
2008	10,755,400	1,001,230,100	412,700	2,000	182,340,200	74,767,800	21,214,600	1,290,722,800	7,546,070	1,298,268,870	1,349,249,270	1.150
2009	11,545,100	1,001,406,500	412,700	2,000	179,263,400	72,634,000	20,261,800	1,285,525,500	7,450,446	1,292,975,946	1,326,296,441	1.230
2010	12,086,500	1,000,696,400	412,700	2,000	177,822,100	69,929,400	20,878,800	1,281,827,900	7,517,899	1,289,345,799	1,283,550,247	1.283
2011	8,545,800	853,780,800	365,900	3,200	162,094,800	65,321,200	19,675,400	1,109,787,100	7,481,282	1,117,268,382	1,244,208,934	1.506
2012	8,374,000	854,409,500	365,900	2,200	160,413,600	65,092,900	19,504,600	1,108,162,700	100	1,108,162,800	1,165,517,730	1.532
2013	7,620,000	853,368,400	365,900	2,200	159,612,300	63,558,500	19,213,200	1,103,740,500	100	1,103,740,600	1,110,673,783	1.585

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Year Ended December 31,</u>	<u>Total Direct School Rate</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>Town of Boonton</u>	<u>Morris County</u>	
2004	\$ 1.88	\$ 0.78	\$ 0.44	\$ 3.10
2005	1.98	0.86	0.47	3.31
2006	2.23	0.97	0.51	3.71
2007	2.41	1.08	0.52	4.02
2008	1.15	0.52	0.24	1.91
2009	1.23	0.56	0.23	2.02
2010	1.28	0.60	0.23	2.10
2011	1.51	0.71	0.26	2.48
2012	1.53	0.73	0.26	2.52
2013	1.58	0.72	0.24	2.54

Source: Municipal Tax Assessor

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

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Boonton Investors, Inc.	\$ 25,091,800	2.27%		
BTS Boonton, LLC	12,426,600	1.13%		
Deer Hill Village, Inc.	10,371,900	0.94%		
JCT Associates Et Al	9,994,000	0.91%		Information
Princeton Meadows Holdings, LLC	7,742,200	0.70%		
Daco	5,013,200	0.45%		not
Apts. At Cherry Hill	4,781,000	0.43%		
Kapalua, Inc.	4,747,400	0.43%		Available
Erasteel, Inc.	4,481,600	0.41%		
Sabro Ralty, LLC	3,500,000	0.32%		
	<u>\$ 88,149,700</u>	<u>7.99%</u>	<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

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

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 10,417,232	\$ 10,417,232	100.00%	N/A
2005	10,880,419	10,880,419	100.00%	N/A
2006	11,726,391	11,726,391	100.00%	N/A
2007	13,755,266	13,755,266	100.00%	N/A
2008	14,051,450	14,051,450	100.00%	N/A
2009	15,144,343	15,144,343	100.00%	
2010	16,265,356	15,983,615	98.27%	\$ 281,741
2011	16,928,567	16,928,567	100.00%	N/A
2012	16,922,857	16,922,857	100.00%	N/A
2013	17,172,487	17,172,487	100.00%	N/A

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2005	\$ -	\$ 223,100	\$ 223,100	8,431	\$ 26
2006	-	168,700	168,700	8,420	20
2007	-	353,416	353,416	8,397	42
2008	23,581,000	240,858	23,821,858	8,435	2,824
2009	23,581,000	125,664	23,706,664	8,460	2,802
2010	23,035,000	64,218	23,099,218	8,354	2,765
2011	22,470,000		22,470,000	8,394	2,677
2012	21,880,000		21,880,000	8,465	2,585
2013	21,265,000		21,265,000	8,465 (E)	2,512

Source: District Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present

(E) - Estimate

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

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property		Per Capita ^b
	Obligation Bonds	Deductions				
2005	\$ -	-	-	0.00%	-	
2006	-	-	-	0.00%	-	
2007	-	-	-	0.00%	-	
2008	23,581,000	-	23,581,000	4.12%	2,796	
2009	23,581,000	-	23,581,000	1.82%	2,787	
2010	23,035,000	-	23,035,000	1.78%	2,757	
2011	22,470,000	-	22,470,000	2.01%	2,677	
2012	21,880,000	-	21,880,000	1.97%	2,585	
2013	21,265,000	-	21,265,000	1.93%	2,512	

Source: District Records

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

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data

Note: GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present

**TOWN OF BOONTON SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012
(UNAUDITED)**

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
Municipal Debt (1)			
Town of Boonton	\$ 13,061,956	\$ 6,839,226	\$ 6,222,730
Town of Boonton School District	<u>21,880,325</u>	<u>21,880,325</u>	<u>-</u>
	<u>\$ 34,942,281</u>	<u>\$ 28,719,551</u>	6,222,730
Overlapping Debt Apportioned to the Municipality County of Morris (2)			<u>\$ 3,175,257</u>
Total Direct and Overlapping Debt			<u>\$ 9,397,987</u>

Source:

- (1) Town of Boonton's 2012 Annual Debt Statement
- (2) The debt for this entity was apportioned to the Town of Boonton School District by dividing the municipality's 2012 equalized value by the total 2012 equalized value for Morris County.

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

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis	
2012	1,101,662,889
2011	1,152,784,980
2010	1,219,046,981
	<u>\$3,473,494,850</u>
	<u>\$1,157,831,617</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 22,005,406	\$ 22,193,428	\$ 22,399,111	\$ 44,061,041	\$ 48,799,108	\$ 51,253,363	\$ 51,829,041	\$ 50,521,691	\$ 48,469,969	\$ 46,313,265
Total net debt applicable to limit	-	-	-	-	23,581,000	23,581,000	23,035,000	22,470,325	21,880,325	21,265,325
Legal debt margin	\$ 22,005,406	\$ 22,193,428	\$ 22,399,111	\$ 44,061,041	\$ 25,218,108	\$ 27,672,363	\$ 28,794,041	\$ 28,051,366	\$ 26,589,644	\$ 25,047,940
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	48.32%	46.01%	44.44%	44.48%	45.14%	45.92%

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

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

Year Ended December 31,	Population	County Per Capita Personal Income	Unemployment Rate
2004	8,368	\$ 60,780	6.7%
2005	8,431	62,930	6.1%
2006	8,420	67,918	6.3%
2007	8,397	71,191	5.7%
2008	8,435	74,025	7.5%
2009	8,460	67,614	12.6%
2010	8,354	69,811	12.7%
2011	8,394	71,730	12.3%
2012	8,465	N/A	12.8%
2013	8,465 (E)	N/A	N/A

Source:

United States Bureau of Census, Population Division estimates
Revisions to historical data, per capita income: US Bureau of Economic Analysis

E - Estimate

N/A - Not Available

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

Employer	2013		2004	
	Employees	% of Total Municipal Employment	Employees	% of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

<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>	<u>2013</u>
Instruction									
Regular	98.09	97.54	91.26	90.80	98.00	100.00	97.00	97.00	94.00
Special education	36.06	35.93	36.40	40.50	36.00	37.00	35.00	32.00	45.00
Support Services:									
Student & instruction related services	28.50	26.10	31.50	29.10	27.00	28.00	28.00	29.00	38.20
General administrative services	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	1.80
School administrative services	17.00	17.00	12.83	13.00	11.00	11.00	8.00	8.00	8.00
Business administrative services	4.80	4.30	5.00	4.00	5.00	4.00	4.00	4.00	4.00
Plant operations and maintenance	17.00	17.00	17.00	17.00	17.00	15.00	15.00	15.00	16.00
Lunchroom/Playground Aides	5.00	-	1.80	1.00	2.00	2.00	2.00	8.00	4.00
Pupil Transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>209.45</u>	<u>200.87</u>	<u>198.79</u>	<u>198.40</u>	<u>199.00</u>	<u>199.00</u>	<u>192.00</u>	<u>196.00</u>	<u>212.00</u>

Source: District Records

Note:
GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2009 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present

TOWN OF BOONTON SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST NINE FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Pupil/Teacher Ratio										Student Attendance Percentage	
	Enrollment a	Operating Expenditures b	Cost Per Pupil c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)		Percentage Change in Average Daily Enrollment
2005	1,228	\$ 19,004,740	\$ 15,476	24.07%	129	1:09	1:12	1:11	1,295	1,228	-1.67%	94.83%
2006	1,229	18,847,805	15,336	-0.83%	132	1:12	1:7	1:9	1,327	1,229	2.47%	92.61%
2007	1,263	20,567,554	16,285	9.12%	116	1:10	1:10	1:12	1,263	1,198	-4.82%	94.85%
2008	1,289	23,637,104	18,338	14.92%	113	1:10	1:10	1:12	1,242	1,179	-1.66%	94.93%
2009	1,208	23,316,337	19,302	-1.36%	131	1:09	1:11	1:9	1,208	1,146	-2.74%	94.87%
2010	1,205	24,621,437	20,433	5.60%	131	1:10	1:11	1:9	1,205	1,162	-0.25%	96.43%
2011	1,241	24,231,891	19,526	-1.58%	152	1:12	1:19	1:11	1,241	1,179	2.99%	95.00%
2012	1,254	24,800,021	19,777	2.34%	153	1:12	1:19	1:11	1,266	1,208	2.01%	95.42%
2013	1,289	26,820,753	20,807	8.15%	153	1:11	1:19	1:11	1,274	1,215	2.66%	95.37%

Source: District records

Note: a Enrollment based on annual October district count

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

c Cost per pupil represents operating expenditures divided by enrollment

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present

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

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013
School Street School (Grades K-3)									
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Capacity (Students)	299	299	299	299	299	299	299	299	299
Enrollment	298	316	290	273	270	274	316	342	342
John Hill School, Including Annex Building (Grades 4-8)									
Square Feet	42,296	42,296	42,296	42,296	42,296	42,296	42,296	42,296	90,076
Capacity (Students)	224	224	224	224	224	224	224	224	800
Enrollment	230	239	222	227	217	206	199	201	410
Boonton High School (Grades 9-12)									
Square Feet	111,741	111,741	111,741	111,741	111,741	111,741	111,741	111,741	111,741
Capacity (Students)	501	501	501	501	501	501	501	501	501
Enrollment	773	762	751	742	724	734	726	727	537
Administration Building									
Square Feet	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120
Administration Annex Building									
Square Feet	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222
Child Study Team									
Square Feet	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299
Maintenance/Transportation Building									
Square Feet	11,995	11,995	11,995	11,995	11,995	11,995	11,995	11,995	11,995

Number of Schools at June 30, 2013

 Elementary = 2

 Middle School = 1

 High School = 1

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2009 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present

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

School Facilities	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Boonton High School	\$ 119,286	\$ 155,284	\$ 128,708	\$ 90,254	\$ 218,306	\$ 80,934	\$ 74,423	\$ 76,762	\$ 120,087	\$ 196,753
John Hill School	33,101	55,443	32,897	63,093	33,378	12,467	36,657	20,816	54,137	40,593
School Street School	43,414	54,115	53,728	70,102	62,370	20,072	23,189	19,536	30,693	16,771
Other Facilities	14,960	7,133	7,555	2,530	2,893	166,208	144,515	90,816	133,204	25,684
Total School Facilities	\$ 210,761	\$ 271,975	\$ 222,888	\$ 225,979	\$ 316,947	\$ 279,681	\$ 278,784	\$ 207,930	\$ 338,121	\$ 279,801

**TOWN OF BOONTON SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2013
(Unaudited)**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Insurance Group	Property Blanket Building & Contents- Replacement Cost Values	\$ 36,472,077	\$ 5,000
	Earthquake	50,000,000	
	Electronic Data Processing Coverage	1,000,000	1,000
	Boiler & Machinery - Umbrella Policy	100,000,000	5,000
	Crime-Blanket Faithful Performance	100,000	500
	Money & Securities - In/Out (crime)	10,000	500
	Depositors Forgery (in crime)	100,000	500
	General Liability	11,000,000	
	Commercial Automobile	11,000,000	
	Excess Liability	5,000,000	
American Safety	Environmental Impairment	3,000,000	15,000
Fireman's Fund	Umbrella Liability	50,000,000	
Markel Insurance/AIG Bob McCloskey Ins.	Student Accident Liability	1,000,000	N/A
	Excess Medical	5,000,000	
	Catastrophic	1,000,000	
Western Surety	Public Employees' Faithful Performance Blanket: Board Secretary/Business Administrator	250,000	
New Jersey School Boards Insurance Group	School Board Legal Liability - Directors and Officers Policy	6,000,000	5,000

SINGLE AUDIT SECTION



DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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MARK SACO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Town of Boonton School District's basic financial statements and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Boonton School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Boonton School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Boonton School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2013-001 and 2013-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Boonton School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2013-001 and 2013-002.

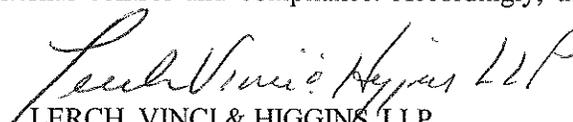
We also noted certain matters that we reported to management of the Town of Boonton School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 5, 2013.

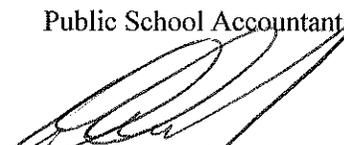
Town of Boonton School District's Responses to Findings

The Town of Boonton School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Boonton School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Boonton School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Boonton School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


 Dieter P. Lerch
 Public School Accountant
 PSA Number CS00756

Fair Lawn, New Jersey
 December 5, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY U.S. OMB CIRCULAR A-133 AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY
OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Town of Boonton School District’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Town of Boonton School District’s major federal and state programs for the fiscal year ended June 30, 2013. The Town of Boonton School District’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Boonton School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Town of Boonton School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Town of Boonton School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Town of Boonton School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as item 2013-004. Our opinion on each major federal and state program is not modified with respect to these matters.

The Town of Boonton School District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Boonton School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Town of Boonton School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Boonton School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Boonton School District's internal control over compliance.

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

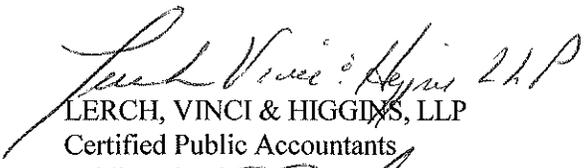
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-004 that we consider to be a significant deficiency.

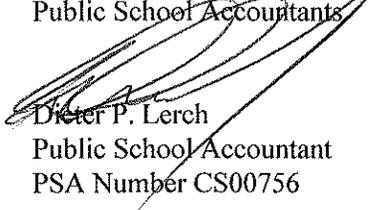
The Town of Boonton School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Boonton School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 5, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


 Dieter P. Lerch
 Public School Accountant
 PSA Number CS00756

Fair Lawn, New Jersey
 December 5, 2013

TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	Carryover Amount Unearned Revenue	Cash Received	Budgetary Encumbrances	Adjustment	Repayment of Prior Years' Balances	(Accounts Receivable)	Balance, June 30, 2013 Unearned Revenue	Due to Grantor	Memo GAAP Receivable
U.S. Department of Agriculture												
Passed-Through State Department of Education:												
Enterprise Fund:												
10.553	N/A	36,884		\$ 33,886	\$ 36,884				\$ (3,008)			\$ 3,008
10.553	N/A	20,386	(1,188)	1,188								
10.555	N/A	181,875	(7,309)	170,682	181,875				(11,193)			11,193
		147,080		7,309								
		20,710		22,159	20,710					1,449		
			(8,897)	235,224	239,479				(14,201)	1,449		14,201
Total Enterprise Fund												
U.S. Department of Health and Human Services												
General Fund												
93.778	N/A	61,372		61,372	61,372							
Medical Assistance Program												
Total General Fund												
U.S. Department of Education												
Passed Through State Department of Education												
Special Revenue Fund												
IDEA												
84.027	FT-0450-13	291,606		\$ 4,691	95,126	281,872			(201,171)	14,423		215,596
84.027	FT-0450-12	370,880	(39,426)	(4,691)	40,716	1,290						
84.027	FT-0450-08	263,997	9,315					9,315				
84.027	FT-0450-07	258,682	3,288					3,288				
84.027	FT-0450-06	260,367	6,300					6,300				
84.371	ARRA-0450-10	255,208	304				(304)					
84.173	PS-0450-12	10,973			870	10,973			(10,103)			10,103
84.173	PS-0450-12	10,979	(5,282)		5,282							
84.392	ARRA-0450-10	9,205	511				(511)	59				
84.173	PS-0450-03	659										
NCLB												
84.010	NCLB-0450-13	185,966		12,032		159,672			(197,998)	38,326		159,672
84.010	NCLB-0450-12	179,442	(96,810)	(12,032)	85,914	71	10,967					
84.010	NCLB-0450-10	103,869	1,764					1,764				
84.367A	NCLB-0450-13	25,507		8,336		8,628			(33,843)	25,215		8,628
84.367A	NCLB-0450-12	29,055	20,722	(8,336)	4,727	25,449						
84.318X	NCLB-0450-07	2,530	71					71				
84.365A	NCLB-0450-15	13,841		11,971	6,346	15,525			(25,812)	10,287		15,525
84.365A	NCLB-0450-12	12,372	(9,825)	(11,971)			3,479					
84.186A	NCLB-0450-07	5,015	589					589				
84.186A	NCLB-0450-06	5,660	51					51				
84.186A	NCLB-0450-04	2,075	100					100				
84.298A	NCLB-0450-06	3,044	223					223				
Total Special Revenue Fund												
Total Federal Awards												
Total Federal Awards												
Total Federal Awards												

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

TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment/Repayment of Prior Years' Balances	June 30, 2013 (Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Reservable	MEMO Cumulative Total Expenditures
				Unearned Revenue/ (Accts Rec)	Due to Grantor									
State Department of Education														
General Fund														
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	599,453				\$ 542,087	\$ 599,453		\$ (57,366)				\$ 599,453
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	558,828	\$ (48,248)			48,248	48,248						428,328
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	428,328				387,339	428,328		(40,989)				
Equalization Aid	13-495-034-5120-084	7/1/11-6/30/12	353,838	(30,550)			30,550	30,550						
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	38,625				34,930	38,626		(3,696)				38,626
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	12,892				11,638	12,892		(1,234)				12,892
Extraordinary Aid	13-100-034-5120-475	7/1/12-6/30/13	16,694					16,694		(16,694)				16,694
Extraordinary Aid	12-100-034-5120-475	7/1/11-6/30/12	69,731	(69,732)				69,732						
On-Behalf TPAF Pension Contributions	13-495-034-5095-006	7/1/12-6/30/13	675,361				675,361	675,361						675,361
On-Behalf TPAF Non-Contributory Insurance Contributions	13-495-034-5095-007	7/1/12-6/30/13	35,533				35,533	35,533						35,533
On-Behalf TPAF Post Retirement Contributions	13-495-034-5095-001	7/1/12-6/30/13	803,843				803,843	803,843						803,843
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	779,947				701,531	779,947		(78,416)				779,947
Total General Fund				(148,530)			3,340,812	3,390,677		(198,595)			78,416	3,390,677
Special Revenue Fund														
NJ Nonpublic Aid														
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	6,923				6,923	4,756				\$ 2,167		4,756
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	4,546		1,461				\$ 1,461					7,261
Nursing Aid	13-100-034-5120-070	7/1/12-6/30/13	9,608				9,608	7,261						7,261
Technology Aid			2,556				2,556	2,325						2,325
Auxiliary Services			8,361				8,361	4,180						4,180
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	682				682							682
ESL														
Handicapped Services														
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	17,511				17,511	16,536						16,536
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	11,959											11,959
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	13,209											13,209
Consecutive Speech	13-100-034-5120-066	7/1/12-6/30/13	4,141				4,141	3,672						3,672
Supplemental Instruction	13-100-034-5120-066	7/1/12-6/30/13	7,285				7,285	7,285						7,285
Total Special Revenue Fund					1,461		57,087	46,015	1,461			11,052		46,015
Debt Service Fund														
Debt Service Fund														
Debt Service Aid - Type II	13-495-034-5120-017	7/1/12-6/30/13	412,440				412,440	412,440						412,440
Total Debt Service Fund														412,440
Enterprise Fund														
State School Lunch Program	13-100-010-3550-023	7/1/12-6/30/13	4,976				4,684	4,976		(292)			\$ 292	4,976
Total Enterprise Fund										(292)			292	4,976
Total State Awards				(148,530)		1,461	3,815,003	3,854,108	1,461	(198,687)		\$ 11,052	\$ 78,708	3,854,108

Less:

- On-Behalf Assistance Not Included in Single Audit and Major Program Determination
- TPAF Pension Contributions (675,361)
- TPAF Non-Contributory Insurance Contributions (35,533)
- TPAF Post Retirement Medical Contributions (803,843)

Total State Financial Assistance Subject to Single Audit and Major Program Determination Calculation

\$ 2,300,266 \$ 2,339,371

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$28,550 for the general fund and a decrease of \$493 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 61,372	\$ 3,419,227	\$ 3,480,599
Special Revenue Fund	504,972	44,030	549,002
Debt Service Fund		412,440	412,440
Food Service Fund	<u>239,479</u>	<u>4,976</u>	<u>244,455</u>
Total Financial Assistance	<u>\$ 805,823</u>	<u>\$ 3,880,673</u>	<u>\$ 4,686,496</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$779,947 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$710,894 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$803,843 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

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

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Were material weakness(es) identified? X yes no

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major federal programs:

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

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

Auditee qualified as low-risk auditee? yes X no

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2013-001:

Our audit revealed that certain payroll and tuition related expenditures were charged to a general ledger account rather than to the District budget.

Criteria or specific requirement:

Budget Guidelines; Uniform Minimum Chart of Accounts

Condition:

Certain disbursements for payroll and tuition were posted to a general ledger account rather than to a budgetary line item.

Questioned Cost:

None.

Context:

Tuition payments of \$62,127, Social Security Contributions of \$163,894 and Judgments of \$55,556 were charged to general ledger accounts rather than to the appropriate budget line items.

Effect:

The District's budgetary expenditures were understated. Audit adjustments were made to record payments to the appropriate budget line item, resulting in overexpenditures of such line items.

Cause:

Unknown.

Recommendation:

Internal controls over District expenditures be reviewed and enhanced to ensure that all disbursements are properly charged in the District's financial reporting system.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2013-002:

Our audit revealed that certain monthly reconciliations of the operating bank account were not in agreement with cash balances reported by the Board Secretary.

Criteria or specific requirement:

GAAP Technical Systems Manual

Condition:

The District's operating bank account reconciliations included unidentified reconciling items.

Questioned Cost:

Unknown.

Context:

The District's year end operating bank account reconciliation included an unidentified reconciling item of \$140,972.

Effect:

The District's cash balances on the monthly cash report and Board Secretary's report, as approved by the Board, were not in agreement.

Cause:

Unknown.

Recommendation:

The monthly reconciliations of the operating bank account be reviewed to ensure agreement with cash balances reported by the Board Secretary.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2013-003:

Our audit of the District's capital construction contracts indicated that remaining contract balances owed to vendors providing construction services exceed the available District appropriation in the Capital Projects Fund. However, the District is anticipating certain credits and offsets as a result of the delay in construction.

Criteria or specific requirement:

Generally Accepted Accounting Principles

Condition:

The contractors remaining balances as of June 30, 2013 exceed the available unexpended appropriation at the referendum project. Credits and offsets have not been applied to the contract balance as of June 30, 2013.

Questioned Cost:

Unknown.

Context:

An unexpended balance in the amount of \$463,411 remains outstanding at year end on the most recent application for payment submitted by APS Contracting. Available balance in the Capital Projects Fund at June 30, 2013 is \$125,389. In the opinion of counsel, liquidated and contractual damages would equal or exceed the amount of the contractor's claims.

Effect:

The District's existing contractual commitments exceed available appropriations by \$338,022.

Cause:

Unknown.

Recommendation:

Based upon counsel's opinion, the liquidated and contractual damages equal or exceed the contractor's claim, therefore no recommendation is warranted.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

There are none.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-004:

Our audit indicated that additional compensation was paid to the Chief School Administrator and Business Administrator under the Staff Grants Incentive Program without specific Board and/or County approval.

State Program Information:

Special Education Aid	13-495-034-5120-089
Equalization Aid	13-495-034-5120-078
Security Aid	13-495-034-5120-084

Criteria or specific requirement:

State Aid Public – Grant Compliance Supplement

Condition:

Additional compensation was paid to Administrators without specific approval.

Questioned Cost:

\$40,400

Context:

The Chief School Administrator and Business Administrator were paid additional compensation of \$19,714.55 and \$20,684.55, respectively, under the Staff Grants Incentive Awards Program. These payments were not specifically approved by the Board or submitted to the Executive County Superintendent.

Effect:

The District was not in compliance with State Aid requirements regarding administrator compensation.

Cause:

Unknown.

Recommendation:

Stipends paid to personnel under the Staff Grants Incentive Program be specifically approved by Board resolution and be submitted to the Executive County Superintendent, where required.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2012-1

Our audit indicated that tuition revenues and receivables did not accurately reflect tuition transactions and year end receivables. Additionally, numerous transactions were posted through the use of journal entries.

Current Status

Corrective action has been taken.

Finding 2012-2

Our audit of the District's payroll system revealed the following:

- A payroll check which was issued and subsequently voided was not reflected in the payroll system as being void.
- A Federal Tax Form 941 was overstated and an amended form was not submitted to the IRS.
- An employee's IRS Form W-2 was overstated and a revised form was not issued.

Current Status

Corrective action has been taken

Finding 2012-3

Our audit of the District's capital construction contracts indicated that remaining contract balances owed to vendors providing construction services exceed the available District appropriation in the Capital Projects Fund. However, the District is entitled to certain credits and offsets as a result of the delay in construction.

Current Status

Corrective action has been taken.