

**TOWN OF BOONTON SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Town of Boonton School District**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Town of Boonton School District  
Boonton, New Jersey  
For The Fiscal Year Ended June 30, 2016**

**Prepared by  
Business Office**

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**INTRODUCTORY SECTION**

# BOONTON

## Public Schools

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

October 28, 2016

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, 2016 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 U.S. Uniform Guidance and New Jersey's OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this Single Audit, including the auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

4.34 Lathrop Avenue • Boonton, New Jersey 07005

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www.boontonschools.org • 97.3-3.35-3994 ext. 22.3 • Fax: 97.3-3.35-8281



- 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 2015-2016 fiscal year with an average daily enrollment of 1,353 students, an increase of 45 students over the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2015-2016	1,353	3.44%
2014-2015	1,308	1.16%
2013-2014	1,293	0.31%
2012-2013	1,289	0.30%
2011-2012	1,251	0.08%
2010-2011	1,241	2.99%
2009-2010	1,205	-0.25%
2008-2009	1,208	-2.74%
2007-2008	1,242	-1.66%
2006-2007	1,263	-4.82%

- 2) **ECONOMIC CONDITIONS AND OUTLOOK:** The School District continues to monitor the ratable base for the Town. Short term trends continue to indicate that ratables will remain flat. An increase in housing projects is in the preliminary stages of development. If these projects come to fruition, the burden on the District to provide services could increase. The District's budget for the 2016-2017 fiscal year includes a 3% increase in the local tax levy. At the close of the current fiscal year, the Teacher's contract was not open for negotiations which will provide for stability and planning in future budget developments for the next three years. The Administrator's contract was open and pending final negotiations. A settlement of the administrator's contract is not anticipated to have a negative impact in the District's operations.

- 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, 2016.

- 5) **ACCOUNTING SYSTEM AND R EPORTS:** 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, 2016.
- 7) **DEBT ADMINISTRATION:** During the 2015-2016 fiscal year the District did not obtain additional debt through referendum. The District's continues to maintain and service its bond debt from previously financed obligations.
- 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. 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 requirements of U.S. Uniform Guidance and New Jersey's OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

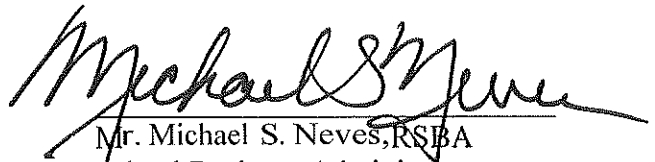
11) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Boonton Town Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,



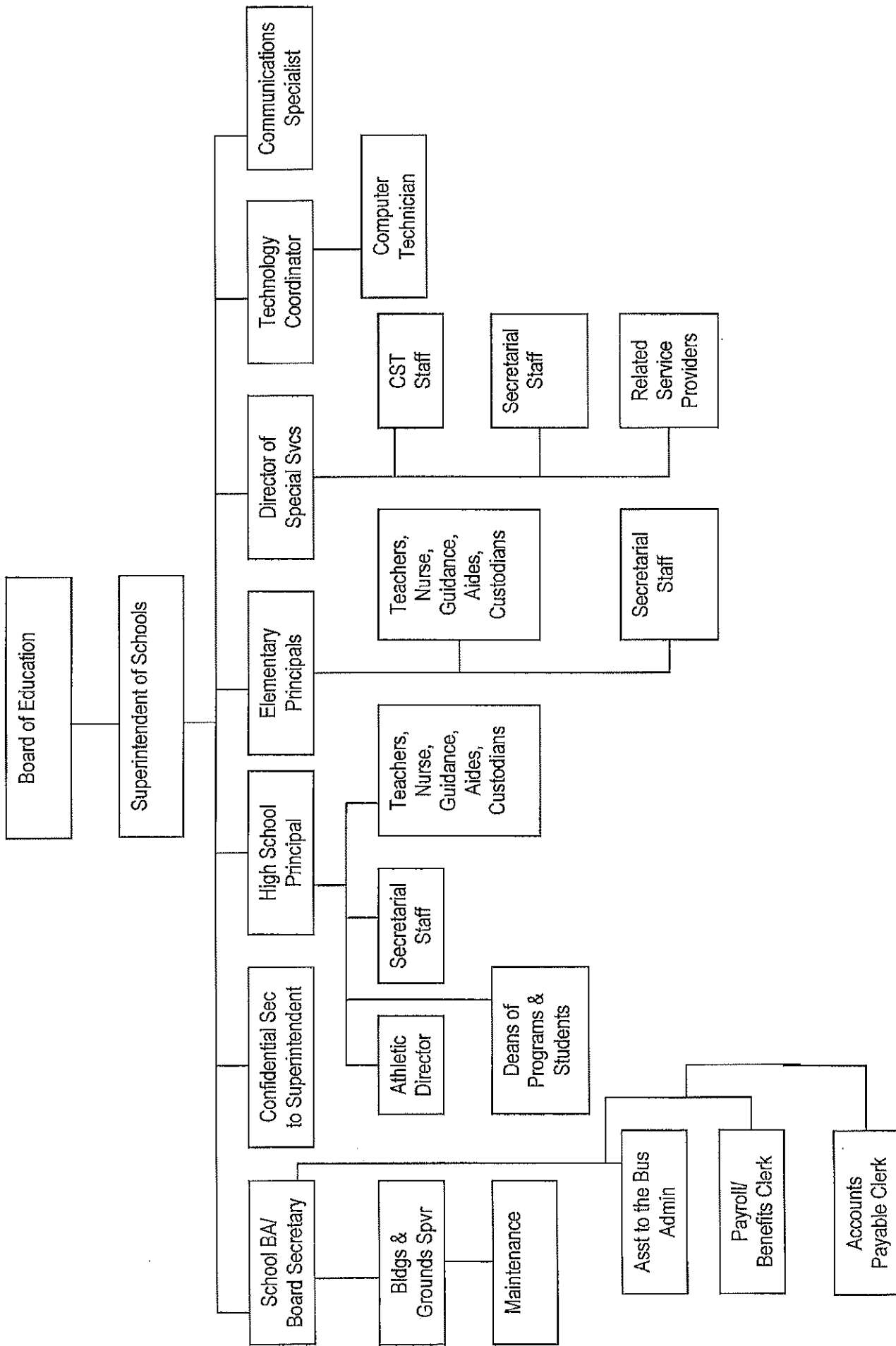
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Mr. Robert Presuto  
Superintendent of Schools



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



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

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires (November)</u></b>
Irene LeFebvre, President	2018
Adam Schnitzler, Vice-President	2018
Christopher J. Cartelli	2016
Sonja Chapman	2017
Robert Ezzi	2016
Linda R. Glosinski	2017
Debra Recchia	2017
Joseph Geslao	2018
Robert Siciliano	2016
Jack Gibbons (Lincoln Park Representative)	

**Other Officers**

Robert Presuto, Superintendent of Schools

Michael Neves, Board Secretary/Business Administrator

**BOONTON SCHOOL DISTRICT**

**Consultants & Advisors**

**June 30, 2016**

**District Auditor**

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

**Attorney**

James L. Plosia, Esq.  
Plosia Cohen Law Firm  
Chester Woods Complex  
385 Route 24, Suite 3G  
Chester, NJ 07930

**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  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, 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  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, 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, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements as listed in the table of contents.

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

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

### ***Auditor’s Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

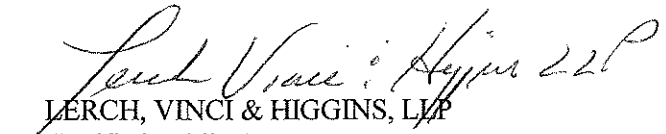
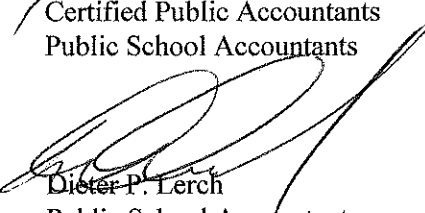
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Boonton School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the 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 October 28, 2016 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  
October 28, 2016

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2016**

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, 2016. 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for fiscal year 2016 are as follows:

- The District's total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources at year end by \$1,411,170 (deficit net position). The District's net position increased \$169,237, or 10% from the previous year.
- General revenues accounted for \$19,753,548 or 57 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$14,644,161 or 43 percent of total revenues of \$34,397,709.
- The School District had \$33,054,130 in expenses for governmental activities; \$13,693,586 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 \$28,067,412 in revenues and \$28,171,477 in expenditures. After allowing for operating transfers and capital lease proceeds, the General Fund's fund balance decreased \$252,573 from 2015.

## **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 2016?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred inflows of resources and liabilities and deferred outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid, as well as the activity of capital assets and long-term liabilities.

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

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

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

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

### **Fund Financial Statements**

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

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

### Governmental Funds

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

### Enterprise Fund

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

### The District as a Whole

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

A comparative summary of the District's net position as of June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u> <u>(Restated)</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,095,975	\$ 1,740,151
Capital Assets, net of accumulated depreciation	<u>25,442,295</u>	<u>25,676,844</u>
<b>Total Assets</b>	<u>26,538,270</u>	<u>27,416,995</u>
<b>Deferred Outflows of Resources</b>	<u>2,873,757</u>	<u>1,789,491</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>29,412,027</u>	<u>29,206,486</u>
<b>Liabilities</b>		
Long-Term Liabilities	29,453,616	29,809,529
Other Liabilities	<u>752,307</u>	<u>891,439</u>
<b>Total Liabilities</b>	<u>30,205,923</u>	<u>30,700,968</u>
<b>Deferred Inflows of Resources</b>	<u>647,274</u>	<u>115,925</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>30,853,197</u>	<u>30,816,893</u>
<b>Net Position</b>		
Net Investment in Capital Assets	4,314,351	3,293,696
Restricted	729	195,572
Unrestricted	<u>(5,726,250)</u>	<u>(5,099,675)</u>
<b>Total Net Position</b>	<u>\$ (1,411,170)</u>	<u>\$ (1,610,407)</u>



A comparative schedule of the changes in net position for fiscal years ended June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 6,824,430	\$ 7,051,400
Grants and Contributions	7,819,731	6,659,262
General Revenues:		
Property Taxes	18,464,772	18,198,345
Grants and Entitlements	743,479	697,432
Other	<u>545,297</u>	<u>343,710</u>
<b>Total Revenues</b>	<u>34,397,709</u>	<u>32,950,149</u>
<b>Program Expenses</b>		
Instruction	21,331,674	20,779,192
Support Services:		
Pupils and Instructional Staff	5,091,560	4,854,977
General, School and Central Administration	2,786,215	2,423,444
Operations and Maintenance of Facilities	2,608,249	2,478,944
Pupil Transportation	480,238	636,330
Interest on Debt	756,194	992,232
Food Service	565,946	516,997
Bridges to Learning	<u>608,396</u>	<u>188,429</u>
<b>Total Expenses</b>	<u>34,228,472</u>	<u>32,870,545</u>
Increase/(Decrease) in Net Position	<u>\$ 169,237</u>	<u>\$ 79,604</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 55 percent of revenues for governmental activities for the Town of Boonton School District in fiscal year 2016. The District's total governmental revenues were \$33,446,657 for the year ended June 30, 2016. Federal, state, and local grants, contributions and entitlements accounted for 25 percent of this total revenue. The total cost of all governmental programs and services was \$33,054,130. Instruction comprises 65 percent of District governmental expenses.

## Business-Type Activities

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

- Enterprise Fund expenses exceeded revenues by \$223,290.
- Charges for services represent 72 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 28 percent.
- Federal and state reimbursements amounted to \$262,526 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, 2016 and 2015 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 21,331,674	\$ 20,779,192	\$ 8,887,033	\$ 9,153,735
Support Services				
Pupils and Instructional Staff	5,091,560	4,854,977	4,479,645	4,193,354
General, School and Central Admin.	2,786,215	2,423,444	2,380,983	2,114,260
Operation and Maintenance of Facilities	2,608,249	2,478,944	2,561,167	2,432,494
Pupil Transportation	480,238	636,330	468,412	624,662
Interest on Long-Term Debt	756,194	992,232	583,304	773,219
<b>Total</b>	<u>\$ 33,054,130</u>	<u>\$ 32,165,119</u>	<u>\$ 19,360,544</u>	<u>\$ 19,291,724</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 \$30,379,403 and expenditures were \$30,701,250.

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, 2016 and 2015.

<u>Revenue</u>	<u>Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2016</u>	<u>June 30, 2015</u>		
Local Sources	\$ 25,145,973	\$ 24,996,676	\$ 149,297	0.6%
State Sources	4,502,206	3,896,230	605,976	15.6%
Federal Sources	731,224	636,143	95,081	14.9%
Total Revenues	<u>\$ 30,379,403</u>	<u>\$ 29,529,049</u>	<u>\$ 850,354</u>	2.9%

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, 2016 and 2015.

<u>Expenditures</u>	<u>Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2016</u>	<u>June 30, 2015</u>		
Current				
Instruction	\$ 18,511,710	\$ 18,335,934	\$ 175,776	1.0%
Support Services	9,764,057	9,360,802	403,255	4.3%
Capital Outlay	546,254	254,048	292,206	115.0%
Debt Service				
Principal	1,176,289	949,132	227,157	23.9%
Interest and Other	702,940	1,155,340	(452,400)	-39.2%
Total Expenditures	<u>\$ 30,701,250</u>	<u>\$ 30,055,256</u>	<u>\$ 645,994</u>	2.1%

## 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 2016, the District had \$34,047,340 invested in land, buildings, furniture, equipment and vehicles. Accumulated depreciation on these assets at June 30, 2016 was \$8,639,322. The Table below compares the fiscal year 2016 balances to the 2015 balances.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 471,800	\$ 471,800
Building and Building Improvements	23,402,876	23,689,818
Machinery and Equipment	<u>1,567,619</u>	<u>1,515,226</u>
<b>Total Capital Assets, Net</b>	<b><u>\$ 25,442,295</u></b>	<b><u>\$ 25,676,844</u></b>

## Debt Administration

At June 30, 2016, the District had \$27,964,722 of long-term liabilities. Of this amount, \$326,099 is for compensated absences, \$617,549 is for capital leases, \$7,751,074 is for net pension liability and \$19,270,000 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.

**FINANCIAL STATEMENTS**

**TOWN OF BOONTON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ (315,469)	\$ 157,557	\$ (157,912)
Receivables, Net:			
Receivables from Other Governments	1,031,845	15,449	1,047,294
Other	200,566		200,566
Internal Balances	82,380	(82,380)	
Inventory		4,887	4,887
Restricted Assets:			
Investments	1,140		1,140
Capital Assets:			
Not Being Depreciated	471,800		471,800
Being Depreciated, Net	<u>24,936,218</u>	<u>34,277</u>	<u>24,970,495</u>
Total Assets	<u>26,408,480</u>	<u>129,790</u>	<u>26,538,270</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	1,469,375		1,469,375
Deferred Amount on Net Pension Liability	<u>1,404,382</u>	<u>-</u>	<u>1,404,382</u>
Total Deferred Outflows of Resources	<u>2,873,757</u>	<u>-</u>	<u>2,873,757</u>
Total Assets and Deferred Outflows of Resources	<u>29,282,237</u>	<u>129,790</u>	<u>29,412,027</u>
<b>LIABILITIES</b>			
Accounts Payable	347,045	55,035	402,080
Payable to Other Governments	13,787		13,787
Accrued Interest	336,440		336,440
Noncurrent Liabilities			
Due Within One Year	1,818,487		1,818,487
Due Beyond One Year	<u>27,635,129</u>	<u>-</u>	<u>27,635,129</u>
Total Liabilities	<u>30,150,888</u>	<u>55,035</u>	<u>30,205,923</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	646,686		646,686
Deferred Government Commodities	<u>-</u>	<u>588</u>	<u>588</u>
Total Deferred Inflows of Resources	<u>646,686</u>	<u>588</u>	<u>647,274</u>
Total Liabilities and Deferred Inflows of Resources	<u>30,797,574</u>	<u>55,623</u>	<u>30,853,197</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,280,074	34,277	4,314,351
Restricted for:			
Capital Projects	729		729
Unrestricted	<u>(5,796,140)</u>	<u>39,890</u>	<u>(5,756,250)</u>
Total Net Position	<u>\$ (1,515,337)</u>	<u>\$ 74,167</u>	<u>\$ (1,441,170)</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, 2016

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	\$ 13,919,626	\$ 6,136,381	\$ 3,846,373	\$ 25,644	\$ (3,911,228)	\$ -	\$ (3,911,228)
Special Education	6,022,009	-	2,307,975	-	(3,714,034)	-	(3,714,034)
Other Instruction	251,937	-	73,151	-	(178,786)	-	(178,786)
School Sponsored Activities and Athletics	1,138,102	-	55,117	-	(1,082,985)	-	(1,082,985)
Support Services							
Student and Instruction Related Services	5,091,560	-	611,915	-	(4,479,645)	-	(4,479,645)
General Administrative Services	778,712	-	140,411	-	(638,301)	-	(638,301)
School Administrative Services	1,273,827	-	264,821	-	(1,009,006)	-	(1,009,006)
Central and Other Support Services	733,676	-	47,082	-	(733,676)	-	(733,676)
Plant Operations and Maintenance	2,608,249	-	11,826	-	(2,561,167)	-	(2,561,167)
Pupil Transportation	480,238	-	172,890	-	(468,412)	-	(468,412)
Interest on Long-Term Debt	756,194	-	-	-	(583,304)	-	(583,304)
<b>Total Governmental Activities</b>	<b>33,054,130</b>	<b>6,136,381</b>	<b>7,531,561</b>	<b>25,644</b>	<b>(19,360,544)</b>	<b>-</b>	<b>(19,360,544)</b>
Business-Type Activities							
Food Service - Nonmajor	565,946	295,172	262,526	-	-	\$ (8,248)	(8,248)
Bridges to Learning - Nonmajor	608,396	392,877	-	-	-	(215,519)	(215,519)
<b>Total Business-Type Activities</b>	<b>1,174,342</b>	<b>688,049</b>	<b>262,526</b>	<b>-</b>	<b>-</b>	<b>(223,767)</b>	<b>(223,767)</b>
<b>Total Primary Government</b>	<b>\$ 34,228,472</b>	<b>\$ 6,824,430</b>	<b>\$ 7,794,087</b>	<b>\$ 25,644</b>	<b>(19,360,544)</b>	<b>(223,767)</b>	<b>(19,584,311)</b>
General Revenues:							
Property Taxes:							
Levied for General Purposes					17,288,395		17,288,395
Levied for Debt Service					1,176,377		1,176,377
Federal and State Aid, Unrestricted					522,765		522,765
State Aid Restricted for Debt Service					220,714		220,714
Investment Earnings					3,168	477	3,645
Miscellaneous Income					541,652	-	541,652
<b>Total General Revenues</b>					<b>19,753,071</b>	<b>477</b>	<b>19,753,548</b>
Change in Net Position					392,527	(223,290)	169,237
Net Position, Beginning of Year (Restated)					(1,907,864)	297,457	(1,610,407)
Net Position, End of Year					\$ (1,515,337)	\$ 74,167	\$ (1,441,170)

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, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ (365,037)			\$ 49,568	\$ (315,469)
Receivables, Net					
Federal Government	21,405	\$ 112,446			133,851
Other Local Governments	897,994				897,994
Due from Other Funds	346,695		\$ 74,228		420,923
Restricted Assets:					
Investments	-	-	1,140	-	1,140
Total Assets	<u>\$ 901,057</u>	<u>\$ 112,446</u>	<u>\$ 75,368</u>	<u>\$ 49,568</u>	<u>\$ 1,138,439</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 293,012	\$ 52,608	\$ 1,425		\$ 347,045
Due to Other Funds	91,926	46,051			137,977
Payable to State Government	-	13,787	-	-	13,787
Total Liabilities	<u>384,938</u>	<u>112,446</u>	<u>1,425</u>	<u>-</u>	<u>498,809</u>
Fund Balances					
Restricted					
Capital Reserve	729				729
Capital Projects			\$ 73,943		73,943
Debt Service				\$ 49,568	49,568
Assigned					
Designated for Subsequent Year's Expenditures	23,754				23,754
Year-End Encumbrances	215,133				215,133
Unassigned					
General Fund	<u>276,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,503</u>
Total Fund Balances	<u>516,119</u>	<u>-</u>	<u>73,943</u>	<u>49,568</u>	<u>639,630</u>
Total Liabilities and Fund Balances	<u>\$ 901,057</u>	<u>\$ 112,446</u>	<u>\$ 75,368</u>	<u>\$ 49,568</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 \$34,047,340 and the accumulated depreciation is \$8,639,322.

25,408,018

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	\$ (20,758,894)
Less: Deferred Amount on Refunding	1,469,375
Capital Leases	(617,549)
Net Pension Liability	(7,751,074)
Less: Deferred Amounts on Net Pension Liability	
Deferred Outflow of Resources	1,404,382
Deferred Inflow of Resources	(646,686)
Compensated Absences	<u>(326,099)</u>

(27,226,545)

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

(336,440)

Net Position of Governmental Activities

\$ (1,515,337)

**TOWN OF BOONTON SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 17,288,395			\$ 1,176,377	\$ 18,464,772
Tuition	6,136,381				6,136,381
Interest	3,166		\$ 2		3,168
Miscellaneous	541,652	-	-	-	541,652
Total - Local Sources	23,969,594	-	2	1,176,377	25,145,973
State Sources	4,052,294	\$ 56,308		393,604	4,502,206
Federal Sources	45,524	685,700	-	-	731,224
Total Revenues	28,067,412	742,008	2	1,569,981	30,379,403
<b>EXPENDITURES</b>					
Instruction					
Regular	11,546,970	179,425			11,726,395
Special Education	4,989,026	492,286			5,481,312
Other Instruction	212,762				212,762
School Sponsored Co-Curricular Activities	1,091,241				1,091,241
Support Services					
Student and Instruction Related Services	4,628,458	44,653			4,673,111
General Administrative Services	690,160				690,160
School Administrative Services	1,070,429				1,070,429
Central and Other Support Services	722,784				722,784
Plant Operations and Maintenance	2,180,225				2,180,225
Pupil Transportation	427,348				427,348
Debt Service					
Principal	306,289			870,000	1,176,289
Interest	21,447			681,493	702,940
Capital Outlay	284,338	25,644	\$ 236,272	-	546,254
Total Expenditures	28,171,477	742,008	236,272	1,551,493	30,701,250
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,065)	-	(236,270)	18,488	(321,847)
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Lease Proceeds	96,490				96,490
Operating Transfer In	2		245,000	-	245,002
Operating Transfer Out	(245,000)	-	(2)	-	(245,002)
Total Other Financing Sources and Uses	(148,508)	-	244,998	-	96,490
Net Change in Fund Balances	(252,573)	-	8,728	18,488	(225,357)
Fund Balance, Beginning of Year	768,692	-	65,215	31,080	864,987
Fund Balance, End of Year	\$ 516,119	\$ -	\$ 73,943	\$ 49,568	\$ 639,630

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, 2016**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (225,357)

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	\$ 546,254	
Depreciation Expense	<u>(772,476)</u>	
		(226,222)

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

Compensated Absences		(6,394)
Accrued Interest		(63,841)
Net Pension Liability		(176,045)

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

Debt Issued or Incurred		
Capital Lease Issued		(96,490)
Principal Repayments		
Serial Bonds	870,000	
Capital Leases	<u>306,289</u>	
		1,176,289
Amortization of Refunding Bond Items		
Original Issue Premium	166,509	
Deferred Amount on Refunding	<u>(155,922)</u>	
		<u>10,587</u>

**Change in net position of governmental activities (Exhibit A-2)** \$ 392,527

**TOWN OF BOONTON SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2016**

	<b>Business-Type Activities Enterprise Funds Non-Major</b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 157,557
Intergovernmental Accounts Receivable	15,449
Due from Other Funds	17,698
Inventories	<u>4,887</u>
Total Current Assets	<u>195,591</u>
Non-Current Assets	
Capital Assets	229,230
Less: Accumulated Depreciation	<u>(194,953)</u>
Total Capital Assets, Net	<u>34,277</u>
Total Assets	<u>229,868</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	55,035
Due to Other Funds	<u>100,078</u>
Total Current Liabilities	<u>155,113</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	<u>588</u>
Total Deferred Inflows of Resources	<u>588</u>
Total Liabilities and Deferred Inflows of Resources	<u>155,701</u>
<b>NET POSITION</b>	
Investment in Capital Assets	34,277
Unrestricted	<u>39,890</u>
Total Net Position	<u>\$ 74,167</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities Enterprise Funds <u>Non-Major</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	
Reimbursable Programs	\$ 142,990
Non-Reimbursable Programs	145,364
Program Fees	392,877
Miscellaneous	<u>6,818</u>
Total Operating Revenues	<u>688,049</u>
<b>OPERATING EXPENSES</b>	
Salaries and Wages	710,146
Other Purchased Services	21,816
Management Fee	26,000
Supplies and Materials	94,682
Repairs and Maintenance	30,666
Cost of Sales	
Reimbursable Programs	194,625
Non-Reimbursable Programs	62,271
Miscellaneous	25,809
Depreciation	<u>8,327</u>
Total Operating Expenses	<u>1,174,342</u>
Operating Income (Loss)	<u>(486,293)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
State School Lunch Program	5,413
Federal Sources	
National School Breakfast Program	30,270
USDA Commodities	28,410
National School Lunch Program	198,433
Interest Income	<u>477</u>
Total Nonoperating Revenues	<u>263,003</u>
Change in Net Position	(223,290)
Total Net Position, Beginning of Year	<u>297,457</u>
Total Net Position, End of Year	<u>\$ 74,167</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Business-Type                      Activities</b> <u><b>Enterprise Funds</b></u> <u><b>Non-Major</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 688,049
Cash Payments for Employees' Salaries and Benefits	(710,146)
Cash Payments to Suppliers for Goods and Services	<u>(375,937)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(398,034)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES</b>	
Cash Payments to Other Funds	185,367
Cash Received from State and Federal Subsidy Reimbursements	<u>233,525</u>
Net Cash Provided by Noncapital Financing Activities	<u>418,892</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	<u>477</u>
Net Cash Provided by Investing Activities	<u>477</u>
Net Increase in Cash and Cash Equivalents	21,335
Cash and Cash Equivalents, Beginning of Year	<u>136,222</u>
Cash and Cash Equivalents, End of Year	<u>\$ 157,557</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ <u>(486,293)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Non-Cash Federal Assistance-Food Distribution Program	28,410
Depreciation Expense	8,327
Change in Assets, Deferred Inflows of Resources and Liabilities (Decrease)/Increase in Inventories	508
Increase/(Decrease) in Deferred Inflows of Resources	(883)
Increase/(Decrease) in Accounts Payable	<u>51,897</u>
Total Adjustments	<u>88,259</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (398,034)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received - Food Distribution Program	\$ 27,527

**TOWN OF BOONTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2016**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Private Purpose Scholarship <u>Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,778	\$ 319,211	\$ 1,024,971
Due from Other Funds			
General Fund			
Payroll Agency	<u>59,185</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>69,963</u>	 <u>319,211</u>	 <u>\$ 1,024,971</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages			\$ 502,857
Intergovernmental Accounts Payable			
Due to Student Groups			119,703
Payroll Deductions and Withholdings Payable			141,184
Reserve for Flexible Spending Account			1,476
Due to Other Funds			
General Fund			200,566
Unemployment Compensation Trust	<u>-</u>	<u>-</u>	<u>59,185</u>
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>\$ 1,024,971</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims	<u>\$ 69,963</u>		
Reserved for Scholarships		<u>\$ 319,211</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, 2016**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Private Purpose Scholarship <u>Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
District	\$ 36,163	
Employees	41,186	
Donations		\$ 16,515
Interest Earnings	<u>36</u>	<u>177</u>
 Total Additions	 <u>77,385</u>	 <u>16,692</u>
 <b>DEDUCTIONS</b>		
Unemployment Claims and Contributions	34,926	
Scholarships Awarded	<u>-</u>	<u>30,748</u>
 Total Deductions	 <u>34,926</u>	 <u>30,748</u>
 Change in Net Position	 42,459	 (14,056)
Net Position, Beginning of Year	<u>27,504</u>	<u>333,267</u>
Net Position, End of Year	<u>\$ 69,963</u>	<u>\$ 319,211</u>

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



**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**Fund Financial Statements (Continued)**

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

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

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

Additionally, the government reports the following fund type:

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

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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

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

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

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

***2. Receivables***

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

***3. Inventories***

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**4. *Restricted Assets***

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

**5. *Capital Assets***

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

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

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

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

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on pension liability. Deferred amounts on pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

***7. Compensated Absences***

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

***8. Pensions***

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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



**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

***9. Long-Term Obligations (Continued)***

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

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

**District-Wide Statements**

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

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

**Governmental Fund Statements**

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

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

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

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

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

TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

**Governmental Fund Statements (Continued)**

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

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

**F. Revenues and Expenditures/Expenses**

*1. Program Revenues*

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

*2. Property Taxes*

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

*3. Tuition Revenues and Expenditures*

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

*Tuition Expenditures* - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2013/2014 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 2013/2014 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 13, 2013, 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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$880,032. The increase was funded by additional grant awards, an appropriation of capital reserve funds and the reappropriation of prior year general fund encumbrances.

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**A. Budgetary Information (Continued)**

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

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

**B. Excess Expenditures Over Appropriations**

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

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Tuition to CSSD and Regional			
Day Schools		\$ 117,293	\$ 117,293
Tuition - State Facilities		4,500	4,500
General Administration			
Judgments Against the School District		62,525	62,525

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

**C. Deficit Fund Equity**

The Bridges to Learning Program Enterprise Fund has a cumulative deficit in net position of \$12,588 as of June 30, 2016. The District expects to eliminate this deficit through normal operations in the 2016/2017 fiscal year.

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Capital Reserve**

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 195,572
Increased by:	
Interest Earnings	<u>157</u>
	195,729
Decreased by:	
Withdrawal by Board Resolution	<u>(195,000)</u>
Balance, June 30, 2016	<u>\$ 729</u>

**D. Transfers to Capital Outlay**

During the 2015/2016 school year, the district transferred \$195,000 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to fund a project previously approved in the District's budget.

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$1,197,048 and bank and brokerage firm balances of the Board's deposits amounted to \$1,995,978. 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>1,995,978</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, 2016 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, 2016, the Board had the following investments:

	<u>Fair Value</u>
<b><u>Investment:</u></b>	
U.S. Government	
NJ ARM	\$ <u>1,140</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2016, \$1,140 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>\$ 1,140</u>

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

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

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

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

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

**B. Receivables**

Receivables as of June 30, 2016 for the district’s individual major and nonmajor funds, 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				
Federal	\$ 21,405	\$ 112,446	\$ 15,106	\$ 148,957
State			343	343
Local	<u>897,994</u>	<u>-</u>	<u>-</u>	<u>897,994</u>
Gross Receivables	919,399	112,446	15,449	1,047,294
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 919,399</u>	<u>\$ 112,446</u>	<u>\$ 15,449</u>	<u>\$ 1,047,294</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 471,800	-	-	\$ 471,800
Total Capital Assets, Not Being Depreciated	<u>471,800</u>	<u>-</u>	<u>-</u>	<u>471,800</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	30,178,702	\$ 376,514		30,555,216
Machinery and Equipment	<u>2,850,584</u>	<u>169,740</u>	<u>-</u>	<u>3,020,324</u>
Total Capital Assets Being Depreciated	<u>33,029,286</u>	<u>546,254</u>	<u>-</u>	<u>33,575,540</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(6,488,884)	(663,456)		(7,152,340)
Machinery and Equipment	<u>(1,377,962)</u>	<u>(109,020)</u>	<u>-</u>	<u>(1,486,982)</u>
Total Accumulated Depreciation	<u>(7,866,846)</u>	<u>(772,476)</u>	<u>-</u>	<u>(8,639,322)</u>
Total Capital Assets, Being Depreciated, Net	<u>25,162,440</u>	<u>(226,222)</u>	<u>-</u>	<u>24,936,218</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,634,240</u>	<u>\$ (226,222)</u>	<u>\$ -</u>	<u>\$ 25,408,018</u>
	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 229,230	-	-	\$ 229,230
Total Capital Assets Being Depreciated	<u>229,230</u>	<u>-</u>	<u>-</u>	<u>229,230</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(186,626)</u>	<u>\$ (8,327)</u>	<u>-</u>	<u>(194,953)</u>
Total Accumulated Depreciation	<u>(186,626)</u>	<u>(8,327)</u>	<u>-</u>	<u>(194,953)</u>
Total Capital Assets, Being Depreciated, Net	<u>42,604</u>	<u>(8,327)</u>	<u>-</u>	<u>34,277</u>
Business-Type Activities Capital Assets, Net	<u>\$ 42,604</u>	<u>\$ (8,327)</u>	<u>\$ -</u>	<u>\$ 34,277</u>



**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction	
Regular	\$ 223,059
Total Instruction	<u>223,059</u>

Support Services	
Support Services-Students	31,754
General Administration	13,357
School Administration	54,632
Operations and Maintenance	398,901
Transportation	<u>50,773</u>
Total Support Services	<u>549,417</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 772,476</u>
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**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, 2016**

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

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

The composition of interfund balances as of June 30, 2016, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Food Service Enterprise Fund	\$ 100,078
General Fund	Special Revenue Fund	46,051
Bridges to Learning Program Enterprise Fund	General Fund	17,698
Capital Projects Fund	General Fund	74,228
Unemployment Compensation Trust Fund	Payroll Agency Fund	59,185
General Fund	Payroll Agency Fund	<u>200,566</u>
		<u>\$ 497,806</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.

Transfer In:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Transfer Out:</u>			
General Fund		\$ 245,000	\$ 245,000
Capital Projects Fund	<u>\$ 2</u>	<u>-</u>	<u>2</u>
Total Transfers Out	<u>\$ 2</u>	<u>\$ 245,000</u>	<u>\$ 245,002</u>

**E. Leases**

**Capital Leases**

The District is leasing copiers, smart boards, tablets and computers totaling \$1,273,271 under capital leases. The leases are for terms of 4 to 5 years.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**E. Leases (Continued)**

**Capital Leases (Continued)**

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 1,002,393
Less: Accumulated Depreciation	<u>(601,437)</u>
Total	<u>\$ 400,956</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 310,703
2018	314,922
2019	<u>9,039</u>
Total minimum lease payments	634,664
Less: amount representing interest	<u>(17,115)</u>
Present value of minimum lease payments	<u>\$ 617,549</u>

**F. 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, 2016 are comprised of the following issues:

\ \$23,581,000, 2007 Bonds, due in an annual installment of \$730,000 on January 15, 2017, interest at 4.5%	\$ 730,000
\ \$9,305,000, 2014 Refunding Bonds, due in annual installments of \$25,000 to \$1,080,000 through January 15, 2027, interest at 2.0% - 5.0%	9,210,000
\ \$9,475,000, 2015 Refunding Bonds, due in annual installments of \$1,210,000 to \$1,480,000 through January 15, 2034 interest at 3.0% - 4.0%	<u>9,330,000</u>
Total	<u>\$19,270,000</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 755,000	\$ 734,050	\$ 1,489,050
2018	785,000	700,700	1,485,700
2019	810,000	677,150	1,487,150
2020	840,000	644,750	1,484,750
2021	875,000	611,150	1,486,150
2022-2026	4,795,000	2,590,050	7,385,050
2027-2031	6,135,000	1,551,850	7,686,850
2032-2034	<u>4,275,000</u>	<u>346,200</u>	<u>4,621,200</u>
	<u>\$ 19,270,000</u>	<u>\$ 7,855,900</u>	<u>\$ 27,125,900</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 44,529,596
Less: Net Debt (Including Unfunded Authorizations)	<u>19,270,325</u>
Remaining Borrowing Power	<u>\$ 25,259,271</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance, July 1, 2015 (Restated)	Additions	Reductions	Balance, June 30, 2016	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 20,140,000		\$ (870,000)	\$ 19,270,000	\$ 755,000
Add: Premium	1,655,403	-	(166,509)	1,488,894	-
Total Bonds Payable	21,795,403	-	(1,036,509)	20,758,894	755,000
Capital Leases Payable	827,348	\$ 96,490	(306,289)	617,549	298,487
Net Pension Liability	6,008,550	2,039,381	(296,857)	7,751,074	
Compensated Absences	319,705	7,357	(963)	326,099	10,000
Governmental Activity Long-Term Liabilities	<u>\$ 28,951,006</u>	<u>\$ 2,143,228</u>	<u>\$ (1,640,618)</u>	<u>\$ 29,453,616</u>	<u>\$ 1,818,487</u>

For the governmental activities, the liability for compensated absences, capital leases payable and net pension liability is generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

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

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2016	\$ 36,163	\$ 41,186	\$ 34,926	\$ 69,963
2015	55,213	3,500	48,064	27,504
2014	35,000	22,651	108,429	16,836

**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, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Investment Valuation**

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

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

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.9 percent and \$22.4 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.



**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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 6.92% for PERS and 6.92% for TPAF of the employee’s annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 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.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>
2016	\$ 298,414	\$ 837,266
2015	271,476	546,987
2014	234,285	456,515

For fiscal years 2015/2016 and 2014/2015, the state contributed \$837,266 and \$546,987, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2014/2015 the State did not contribute to the TPAF for accrued liability but did contribute \$456,515 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$825,987 during the fiscal year ended June 30, 2016 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$7,751,074 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .03452 percent, which was an increase of .00243 from its proportionate share measured as of June 30, 2014 of .03209.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$472,902 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 184,913	
Changes of Assumptions	832,403	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 124,622
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>387,066</u>	<u>522,064</u>
Total	<u>\$ 1,404,382</u>	<u>\$ 646,686</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 150,413
2018	150,413
2019	150,413
2020	179,027
2021	<u>127,430</u>
	<u>\$ 757,696</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

***Discount Rate***

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%



**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,904,520 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$63,946,677. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .10117 percent, which was a decrease of .00674 percent from its proportionate share measured as of June 30, 2014 of .10791 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**TOWN OF BOONTON SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

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

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>1% Decrease <u>(3.13%)</u></b>	<b>Current Discount Rate <u>(4.13%)</u></b>	<b>1% Increase <u>(5.13%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 75,998,235</u>	<u>\$ 63,946,677</u>	<u>\$ 53,563,538</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.



**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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, 2016, 2015 and 2014 were \$996,952, \$868,342 and \$748,511, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 SETTLEMENT**

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 6 RESTATEMENT**

The July 1, 2015 net position of governmental activities has been restated to accurately reflect the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2015 from \$3,038,664, as originally reported, to a deficit of \$1,907,864. A prior period adjustment has been made to the Management's Discussion and Analysis (MD&A) for the above adjustment.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Local Tax Levy	\$ 17,288,395		\$ 17,288,395	\$ 17,288,395	
Additional Local Tax Levy	60,000		60,000		\$ (60,000)
Tuition	6,877,464		6,877,464	6,136,381	(741,083)
Interest Earned on Capital Reserve	1,000		1,000	157	(843)
Rents and Royalties	193,000		193,000	225,382	32,382
Unrestricted Miscellaneous Revenues	289,027	-	289,027	319,279	30,252
<b>Total Local Sources</b>	<b>24,708,886</b>	<b>-</b>	<b>24,708,886</b>	<b>23,969,594</b>	<b>(739,292)</b>
<b>State Sources</b>					
School Choice Aid	44,208		44,208	44,208	
Transportation Aid	11,589		11,589	11,589	
Extraordinary Aid	60,000		60,000	168,067	108,067
Special Education Aid	587,566		587,566	587,566	
Equalization Aid	434,008		434,008	434,008	
Security Aid	46,136		46,136	46,136	
Additional Adjustment Aid	14,736		14,736	14,736	
PARCC Readiness Aid	10,290		10,290	10,290	
Per Pupil Growth Aid	10,290		10,290	10,290	
TPAF Pension System Contribution (On-Behalf - Non-Budgeted)				797,538	797,538
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				39,728	39,728
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				996,952	996,952
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	825,987	825,987
<b>Total State Sources</b>	<b>1,218,823</b>	<b>-</b>	<b>1,218,823</b>	<b>3,987,095</b>	<b>2,768,272</b>
<b>Federal Sources</b>					
Special Education Medicaid Initiative - Cost Settlement				21,405	21,405
Special Education Medicaid Initiative	31,108	-	31,108	24,119	(6,989)
<b>Total Federal Sources</b>	<b>31,108</b>	<b>-</b>	<b>31,108</b>	<b>45,524</b>	<b>14,416</b>
<b>Total Revenues</b>	<b>25,958,817</b>	<b>-</b>	<b>25,958,817</b>	<b>28,002,213</b>	<b>2,043,396</b>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Kindergarten	310,814	\$ 37,358	348,172	347,536	636
Grades 1-5	1,968,255	214,859	2,183,114	2,181,744	1,370
Grades 6-8	1,034,925	(104,770)	930,155	929,811	344
Grades 9-12	3,068,438	306,292	3,374,730	3,371,994	2,736
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	11,000	(729)	10,271	9,701	570
Purchased Professional-Educational Services		37,234	37,234	37,234	
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction		5,747	5,747	5,747	
Purchased Technical Services	208,598	125,273	333,871	254,436	79,435
Other Purchased Services	131,903	50,991	182,894	179,134	3,760
General Supplies	426,340	(57,857)	368,483	355,525	12,958
Textbooks	110,734	(56,418)	54,316	46,797	7,519
Other Objects	29,434	(4,470)	24,964	14,579	10,385
Assets Acquired Under Capital Lease (non-budget)	-	-	-	96,490	(96,490)
<b>Total Regular Programs</b>	<b>7,300,441</b>	<b>553,510</b>	<b>7,853,951</b>	<b>7,830,728</b>	<b>23,223</b>
<b>Special Education</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	152,737	92,618	245,355	244,689	666
Other Salaries for Instruction	90,605	45,833	136,438	136,236	202
General Supplies	3,400	(854)	2,546	2,332	214
<b>Total Learning and/or Language Disabilities</b>	<b>246,742</b>	<b>137,597</b>	<b>384,339</b>	<b>383,257</b>	<b>1,082</b>

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 215,245	\$ (52,120)	\$ 163,125	\$ 162,818	\$ 307
Other Salaries for Instruction	181,260	(22,758)	158,502	157,934	568
Purchased Professional Educational Services	300,000	29,500	329,500	329,500	
General Supplies	2,140	-	2,140	1,022	1,118
<b>Total Multiple Disabilities</b>	<b>698,645</b>	<b>(45,378)</b>	<b>653,267</b>	<b>651,274</b>	<b>1,993</b>
Resource Room/Resource Center					
Salaries of Teachers	1,326,336	(8,886)	1,317,450	1,315,010	2,440
Other Salaries for Instruction	588,267	(121,791)	466,476	461,457	5,019
General Supplies	22,773	(9,661)	13,112	11,015	2,097
<b>Total Resource Room/Resource Center</b>	<b>1,937,376</b>	<b>(140,338)</b>	<b>1,797,038</b>	<b>1,787,482</b>	<b>9,556</b>
Preschool Disabilities - Full Time					
Salaries of Teachers	215,873	(147,246)	68,627	68,180	447
Other Salaries for Instruction	42,940	(4,299)	38,641	38,283	358
General Supplies	600	350	950	599	351
<b>Total Preschool Disabilities - Full-Time</b>	<b>259,413</b>	<b>(151,195)</b>	<b>108,218</b>	<b>107,062</b>	<b>1,156</b>
Home Instruction					
Salaries of Teachers	30,000	(28,755)	1,245	1,245	-
Purchased Professional Educational Services	70,000	(53,220)	16,780	14,355	2,425
<b>Total Home Instruction</b>	<b>100,000</b>	<b>(81,975)</b>	<b>18,025</b>	<b>15,600</b>	<b>2,425</b>
<b>Total Special Education</b>	<b>3,242,176</b>	<b>(281,289)</b>	<b>2,960,887</b>	<b>2,944,675</b>	<b>16,212</b>
Basic Skills/Remedial					
Salaries of Teachers		61,320	61,320	61,228	92
General Supplies	873	1	874	872	2
<b>Total Basic Skills/Remedial</b>	<b>873</b>	<b>61,321</b>	<b>62,194</b>	<b>62,100</b>	<b>94</b>
Bilingual Education					
Salaries of Teachers	82,435	(7,083)	75,352	75,352	
General Supplies	5,707	752	6,459	4,135	2,324
<b>Total Bilingual Education</b>	<b>88,142</b>	<b>(6,331)</b>	<b>81,811</b>	<b>79,487</b>	<b>2,324</b>
School Sponsored Co-Curricular Activities					
Salaries	93,622	13,217	106,839	102,909	3,930
Purchased Services	18,453	(7,229)	11,224	7,890	3,334
Supplies and Materials	5,450	-	5,450	1,890	3,560
<b>Total School Sponsored Co-Curricular Activities</b>	<b>117,525</b>	<b>5,988</b>	<b>123,513</b>	<b>112,689</b>	<b>10,824</b>
School Sponsored Athletics					
Salaries	575,079	(57,692)	517,387	515,367	2,020
Purchased Services	141,985	(38,663)	103,322	87,457	15,865
Supplies and Materials	107,955	(9,015)	98,940	93,707	5,233
Other Objects	27,600	17,220	44,820	43,455	1,365
<b>Total School Sponsored Athletics</b>	<b>852,619</b>	<b>(88,150)</b>	<b>764,469</b>	<b>739,986</b>	<b>24,483</b>
<b>Total Instruction</b>	<b>11,601,776</b>	<b>245,049</b>	<b>11,846,825</b>	<b>11,769,665</b>	<b>77,160</b>



**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Special	\$ 481,100	\$ (113,279)	\$ 367,821	\$ 228,081	\$ 139,740
Tuition to County Voc. School Dist.-Regular	688,518	4,387	692,905	598,657	94,248
Tuition to County Voc. School Dist.- Special	16,875	2,625	19,500	19,500	-
Tuition to CSSD and Regional Day Schools				117,293	(117,293)
Tuition to Priv. Sch. Disabled Within State	978,000	(106,810)	871,190	510,742	360,448
Tuition - State Facilities	-	-	-	4,500	(4,500)
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,164,493</b>	<b>(213,077)</b>	<b>1,951,416</b>	<b>1,478,773</b>	<b>472,643</b>
Health Services					
Salaries	273,894	1,772	275,666	272,815	2,851
Purchased Professional and Technical Services	3,600	17,600	21,200	20,172	1,028
Other Purchased Services	761	(352)	409	409	-
Supplies and Materials	9,460	(2,052)	7,408	7,259	149
<b>Total Health Services</b>	<b>287,715</b>	<b>16,968</b>	<b>304,683</b>	<b>300,655</b>	<b>4,028</b>
Other Support Serv. Students - Speech, OT, PT & Related Serv.					
Salaries	293,247	(22,227)	271,020	270,981	39
Purchased Professional/Educational Services	191,300	(109,140)	82,160	80,785	1,375
Supplies and Materials	9,200	(4,882)	4,318	4,297	21
<b>Total Other Supp.Serv. Student-Speech, OT, PT, &amp; Related Serv.</b>	<b>493,747</b>	<b>(136,249)</b>	<b>357,498</b>	<b>356,063</b>	<b>1,435</b>
Other Support Services - Students - Extra Serv.					
Salaries	6,118	49,483	55,601	54,646	955
Purchased Professional/Educational Services	199,600	(16,254)	183,346	169,877	13,469
<b>Total Other Supp.Serv. Student - Extra Serv.</b>	<b>205,718</b>	<b>33,229</b>	<b>238,947</b>	<b>224,523</b>	<b>14,424</b>
Guidance					
Salaries of Other Professional Staff	510,283	42,992	553,275	548,080	5,195
Salaries of Secretarial & Clerical Assistants	49,465	6,784	56,249	55,529	720
Other Purchased Professional and Technical Svs.	27,443	(21,911)	5,532	5,532	-
Other Purchased Services	7,668	(325)	7,343	7,343	-
Supplies and Materials	44,140	(21,569)	22,571	20,598	1,973
Other Objects	125	(1)	124	119	5
<b>Total Guidance</b>	<b>639,124</b>	<b>5,970</b>	<b>645,094</b>	<b>637,201</b>	<b>7,893</b>
Child Study Team					
Salaries of Other Professional Staff	571,114	60,043	631,157	630,560	597
Salaries of Secretarial & Clerical Assistants	81,107	5,136	86,243	86,243	-
Other Salaries	9,471	1,694	11,165	10,549	616
Purchased Professional-Educational Services	40,700	(23,881)	16,819	13,619	3,200
Other Purchased Services	16,000	(14,049)	1,951	1,116	835
Miscellaneous Purchased Services	23,561	(10,528)	13,033	12,858	175
Supplies and Materials	45,400	(33,291)	12,109	11,725	384
Other Objects	1,200	-	1,200	1,095	105
<b>Total Child Study Teams</b>	<b>788,553</b>	<b>(14,876)</b>	<b>773,677</b>	<b>767,765</b>	<b>5,912</b>
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	286,736	77,498	364,234	364,144	90
Salaries of Secretarial & Clerical Assistants	61,912	1,677	63,589	63,589	-
Other Salaries	2,760	2,760	2,760	1,083	1,677
Supplies and Materials	4,800	(4,800)	-	-	-
<b>Total Improvement of Instruction Services</b>	<b>355,448</b>	<b>77,135</b>	<b>430,583</b>	<b>428,816</b>	<b>1,767</b>

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Educational Media/School Library					
Salaries	\$ 206,949	\$ 8,630	\$ 215,579	\$ 213,113	\$ 2,466
Salaries of Technology Coordinators	83,567	(2,886)	80,681	80,681	
Other Purchased Services	7,535	18,058	25,593	25,592	1
Supplies and Materials	29,485	(3,450)	26,035	25,162	873
<b>Total Educational Media/School Library</b>	<b>327,536</b>	<b>20,352</b>	<b>347,888</b>	<b>344,548</b>	<b>3,340</b>
Instructional Staff Training Services					
Other Salaries	153,826	(7,991)	145,835	145,698	137
Purchased Professional Educational Services	-	13,357	13,357	13,121	236
Other Purchased Services	2,400	13,713	16,113	9,975	6,138
Supplies and Materials	4,800	(4,800)	-	-	-
<b>Total Instructional Staff Training Services</b>	<b>161,026</b>	<b>14,279</b>	<b>175,305</b>	<b>168,794</b>	<b>6,511</b>
Support Services General Administration					
Salaries	244,537	17,625	262,162	262,162	
Legal Services	66,700	(39,659)	27,041	27,041	-
Audit Fees	25,607	3,183	28,790	28,790	-
Other Purchased Professional Services	-	40,847	40,847	38,152	2,695
Communications/Telephone	137,222	(56,783)	80,439	75,811	4,628
Miscellaneous Purchased Services	24,643	12,512	37,155	36,695	460
General Supplies	7,183	1,488	8,671	7,913	758
Judgements Against the School District	-	-	-	62,525	(62,525)
Miscellaneous Expenditures	12,897	1,817	14,714	12,735	1,979
BOE Membership Dues and Fees	10,400	242	10,642	10,642	-
<b>Total Support Services General Administration</b>	<b>529,189</b>	<b>(18,728)</b>	<b>510,461</b>	<b>562,466</b>	<b>(52,005)</b>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Directors	459,646	(24,833)	434,813	434,676	137
Salaries of Other Professional Staff	-	59,769	59,769	59,769	-
Salaries of Secretarial and Clerical Assistants	213,240	(6,353)	206,887	206,367	520
Other Purchased Services	42,938	(2,172)	40,766	38,795	1,971
Supplies and Materials	19,161	13,136	32,297	31,115	1,182
Other Objects	11,080	(1,136)	9,944	9,564	380
<b>Total Support Services School Administration</b>	<b>746,065</b>	<b>38,411</b>	<b>784,476</b>	<b>780,286</b>	<b>4,190</b>
Undistributed Expenditures - Central Services					
Salaries	324,656	(997)	323,659	323,659	-
Purchased Technical Services	-	10,040	10,040	7,290	2,750
Misc. Purchased Services	11,459	11,827	23,286	22,640	646
Supplies and Materials	13,425	2,138	15,563	15,306	257
Miscellaneous Expenditures	2,000	54	2,054	2,054	-
<b>Total Undistributed Expenditures - Central Services</b>	<b>351,540</b>	<b>23,062</b>	<b>374,602</b>	<b>370,949</b>	<b>3,653</b>
Undistributed Expenditures - Admin. Info. Tech.					
Purchased Technical Services	163,014	30,034	193,048	192,085	963
Supplies and Materials	64,638	312	64,950	64,695	255
<b>Total Undistributed Expenditures - Admin. Info. Tech.</b>	<b>227,652</b>	<b>30,346</b>	<b>257,998</b>	<b>256,780</b>	<b>1,218</b>
Required Maintenance for School Facilities					
Salaries	194,306	13,380	207,686	206,605	1,081
Cleaning, Repair and Maintenance Services	162,301	71,076	233,377	219,983	13,394
General Supplies	20,500	(4,361)	16,139	16,139	-
Other Objects	1,000	(502)	498	498	-
<b>Total Required Maintenance for School Facilities</b>	<b>378,107</b>	<b>79,593</b>	<b>457,700</b>	<b>443,225</b>	<b>14,475</b>

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES (Continued)</b>					
<b>Custodial Services</b>					
Salaries	\$ 558,911	\$ 16,647	\$ 575,558	\$ 575,434	\$ 124
Salaries of Non-Instructional Aides	51,190	32,281	83,471	83,127	344
Cleaning, Repair and Maintenance Services	58,900	32,986	91,886	87,201	4,685
Other Purchased Property Services	46,306	(729)	45,577	45,577	-
Insurance	207,557	19,813	227,370	227,370	-
General Supplies	53,000	26,076	79,076	72,906	6,170
Energy (Electricity)	261,562	(8,111)	253,451	240,006	13,445
Energy (Natural Gas)	139,622	(9,622)	130,000	86,208	43,792
Energy (Oil)	3,577	(2,881)	696	696	-
Other Objects	3,000	(2,754)	246	-	246
<b>Total Custodial Services</b>	<b>1,383,625</b>	<b>103,706</b>	<b>1,487,331</b>	<b>1,418,525</b>	<b>68,806</b>
<b>Security</b>					
General Supplies	-	1,553	1,553	1,553	-
<b>Total Security</b>	<b>-</b>	<b>1,553</b>	<b>1,553</b>	<b>1,553</b>	<b>-</b>
<b>Student Transportation Services</b>					
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	24,364	23,962	48,326	47,096	1,230
Salaries for Pupil Transportation (Other Than Between Home and School)	34,850	(18,558)	16,292	15,814	478
Cleaning, Repair and Maintenance Services	7,072	4,453	11,525	11,525	-
Lease Purchase Payments - School Buses	10,636	(10,636)	-	-	-
Contracted Services (Between Home and School) - Vendors	39,546	(23,925)	15,621	15,621	-
Contracted Services (Other Than Between Home and School) - Vendors	55,542	(9,494)	46,048	42,061	3,987
Contracted Services (Special Ed Students) - Vendors	249,900	19,081	268,981	266,637	2,344
Transportation Supplies	-	12,000	12,000	5,192	6,808
Other Objects	-	362	362	362	-
<b>Total Student Transportation Services</b>	<b>421,910</b>	<b>(2,755)</b>	<b>419,155</b>	<b>404,308</b>	<b>14,847</b>
<b>Unallocated Benefits</b>					
Social Security Contributions	341,561	44,496	386,057	386,057	-
Other Retirement Contributions - PERS	285,833	12,744	298,577	298,414	163
Unemployment Compensation	104,342	(68,179)	36,163	36,163	-
Workmen's Compensation	103,824	(33,152)	70,672	70,672	-
Health Benefits	3,855,077	(214,443)	3,640,634	3,640,634	-
Tuition Reimbursement	75,000	(23,469)	51,531	38,548	12,983
Other Employee Benefits	10,000	(9,037)	963	963	-
<b>Total Unallocated Benefits</b>	<b>4,775,637</b>	<b>(291,040)</b>	<b>4,484,597</b>	<b>4,471,451</b>	<b>13,146</b>
<b>On-Behalf (Non-Budget)</b>					
TPAF Pension System Contribution (On-Behalf - Non-Budgeted)	-	-	-	797,538	(797,538)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	-	-	-	39,728	(39,728)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	-	-	-	996,952	(996,952)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	825,987	(825,987)
<b>Total On-Behalf</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,660,205</b>	<b>(2,660,205)</b>
<b>Total Undistributed Expenditures</b>	<b>14,235,085</b>	<b>(232,121)</b>	<b>14,002,964</b>	<b>16,076,886</b>	<b>(2,073,922)</b>
<b>Total Current Expenditures</b>	<b>25,836,861</b>	<b>12,928</b>	<b>25,849,789</b>	<b>27,846,551</b>	<b>(1,996,762)</b>

**TOWN OF BOONTON SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 9 - 12		\$ 42,641	\$ 42,641	\$ 42,641	
Non-Instructional Equipment	\$ 30,000	101,691	131,691	101,455	\$ 30,236
<b>Total Equipment</b>	<b>30,000</b>	<b>144,332</b>	<b>174,332</b>	<b>144,096</b>	<b>30,236</b>
Facilities Acquisition and Construction Services					
Construction Services	213,747		213,747	140,242	73,505
Assessment for Debt Service on SDA Funding	5,733	-	5,733	5,733	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>219,480</b>	<b>-</b>	<b>219,480</b>	<b>145,975</b>	<b>73,505</b>
<b>Total Capital Outlay</b>	<b>249,480</b>	<b>144,332</b>	<b>393,812</b>	<b>290,071</b>	<b>103,741</b>
Transfer of Funds to Charter School	49,175	-	49,175	34,855	14,320
<b>Total General Fund</b>	<b>26,135,516</b>	<b>157,260</b>	<b>26,292,776</b>	<b>28,171,477</b>	<b>(1,878,701)</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(176,699)	(157,260)	(333,959)	(169,264)	164,695
Other Financing Sources (Uses)					
Capital Lease Proceeds (non-budget)				96,490	96,490
Operating Transfer In				2	2
Transfer from Capital Outlay to Capital Projects		(50,000)	(50,000)	(50,000)	
Transfer from Capital Reserve to Capital Projects	-	(195,000)	(195,000)	(195,000)	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>(245,000)</b>	<b>(245,000)</b>	<b>(148,508)</b>	<b>96,492</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(176,699)	(402,260)	(578,959)	(317,772)	261,187
Fund Balance, Beginning of Year	1,080,915	-	1,080,915	1,080,915	-
Fund Balance, End of Year	\$ 904,216	\$ (402,260)	501,956	763,143	\$ 261,187
<b>Reconciliation of Governmental Funds Statements (GAAP)</b>					
Restricted					
Capital Reserve				\$ 729	
Assigned					
Designated for Subsequent Year's Expenditures				23,754	
Year End Encumbrances				215,133	
Unassigned				523,527	
Fund Balance- Budgetary Basis				763,143	
Less: State Aid Revenue not recognized on GAAP basis				(247,024)	
Fund Balance per Governmental Funds Statements (GAAP)				\$ 516,119	

**TOWN OF BOONTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 50,987	\$ 16,724	\$ 67,711	\$ 56,308	\$ (11,403)
Federal	377,090	461,048	838,138	685,700	(152,438)
Total Revenues	<u>428,077</u>	<u>477,772</u>	<u>905,849</u>	<u>742,008</u>	<u>(163,841)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	185,755	(135,225)	50,530	32,713	17,817
Purchased Professional/Technical Services	44,187	10,660	54,847	49,777	5,070
Tuition	191,335	322,703	514,038	492,286	21,752
General Supplies	1,700	112,712	114,412	93,803	20,609
Textbooks	5,100	1,695	6,795	2,437	4,358
Total Instruction	<u>428,077</u>	<u>312,545</u>	<u>740,622</u>	<u>671,016</u>	<u>69,606</u>
Support Services					
Salary of Other Professional Staff		38,500	38,500	4,580	33,920
Personal Services - Employee Benefits		20,120	20,120	695	19,425
Purchased Professional - Educational Services		50,000	50,000	28,100	21,900
Other Purchased Services		15,920	15,920	6,695	9,225
Supplies and Materials	-	14,087	14,087	5,278	8,809
Total Support Services	<u>-</u>	<u>138,627</u>	<u>138,627</u>	<u>45,348</u>	<u>93,279</u>
Facilities Acquisition and Construction Services					
Instructional Equipment		19,500	19,500	19,500	
Non-Instructional Equipment	-	7,100	7,100	6,144	956
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>26,600</u>	<u>26,600</u>	<u>25,644</u>	<u>956</u>
Total Expenditures	<u>428,077</u>	<u>477,772</u>	<u>905,849</u>	<u>742,008</u>	<u>163,841</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**TOWN OF BOONTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 28,002,213	\$ 742,008
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.		
Encumbrances, June 30, 2015 (net of cancellations)		-
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	312,223	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(247,024)</u>	<u>-</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 28,067,412</u>	<u>\$ 742,008</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 28,171,477	\$ 742,008
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.		
Encumbrances, June 30, 2015 (net of cancellations)	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 28,171,477</u>	<u>\$ 742,008</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**



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

Public Employees Retirement System

Last Three Fiscal Years\*

	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0.03452%	0.03209%	0.03605%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,751,074	\$ 6,008,550	\$ 6,890,699
District's Covered-Employee Payroll	\$ 2,413,304	\$ 2,272,309	\$ 2,093,434
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	321%	264%	329%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Three Fiscal Years  
 (Dollar amounts in thousands)

	2016	2015	2014
Contractually Required Contribution	\$ 296,857	\$ 271,476	\$ 234,285
Contributions in Relation to the Contractually Required Contribution	<u>296,857</u>	<u>271,476</u>	<u>234,285</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,413,304	\$ 2,272,309	\$ 2,093,434
Contributions as a Percentage of Covered-Employee Payroll	9.04%	11.95%	11.1%

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

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

Teachers Pension and Annuity Fund

Last Three Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$-0-	\$-0-	\$-0-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>63,946,677</u>	<u>57,675,711</u>	<u>55,602,809</u>
Total	<u>\$ 63,946,677</u>	<u>\$ 57,675,711</u>	<u>\$ 55,602,809</u>
District's Covered-Employee Payroll	\$ 10,483,171	\$ 10,382,424	\$ 10,159,432
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.74%	33.64%	33.76%

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Change of Benefit Terms:**                   None.

**Change of Assumptions:**               Assumptions used in calculating the net pension liability and  
statutorily required employer contribution are presented in  
Note 4.

**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, 2016**

	No Child Left Behind			IDEA Part B, Basic	Nonpublic Auxiliary Services Compensatory Education	Nonpublic Handicapped Services Examination & Classification	Nonpublic Technology	Nonpublic Nursing	Nonpublic Security	Nonpublic Textbooks	Total
	Title I	Title II-A	Title III Immigrant								
<b>REVENUES</b>											
Intergovernmental											
State	\$ 166,877	\$ 5,663	\$ 11,003	\$ 6,101	\$ 496,056	\$ 33,145	\$ 1,119	\$ 10,710	\$ 2,975	\$ 2,437	\$ 56,308
Federal											
Local Sources											685,700
<b>Total Revenues</b>	<b>\$ 166,877</b>	<b>\$ 5,663</b>	<b>\$ 11,003</b>	<b>\$ 6,101</b>	<b>\$ 496,056</b>	<b>\$ 33,145</b>	<b>\$ 1,119</b>	<b>\$ 10,710</b>	<b>\$ 2,975</b>	<b>\$ 2,437</b>	<b>\$ 742,008</b>
<b>EXPENDITURES</b>											
Instruction											
Salaries of Teachers	\$ 24,729	\$ 7,984									\$ 32,713
Other Salaries for Instruction											49,777
Purchased Professional & Technical Services				\$ 492,286							492,286
Tuition	80,589		3,019	6,101							93,803
General Supplies											2,437
Textbooks											
<b>Total Instruction</b>	<b>105,318</b>		<b>11,003</b>	<b>6,101</b>	<b>492,286</b>	<b>33,145</b>	<b>1,119</b>	<b>10,710</b>	<b>2,975</b>	<b>2,437</b>	<b>671,016</b>
Support Services											
Salary of Other Professional Staff	\$ 810				3,770						4,580
Personal Services Employee-Benefits	695										695
Purchased Professional/ Educational Services	28,100										28,100
Other Purchased Services	1,842	4,853									6,695
Supplies and Materials	5,278										5,278
<b>Total Support Services</b>	<b>35,915</b>	<b>5,663</b>			<b>3,770</b>						<b>45,348</b>
Facilities Acquisition and Construction Services											
Instructional Equipment	19,500										19,500
Non-Instructional Equipment	6,144										6,144
<b>Total Facilities Acquisition and Construction Services</b>	<b>25,644</b>										<b>25,644</b>
<b>Total Expenditures</b>	<b>\$ 166,877</b>	<b>\$ 5,663</b>	<b>\$ 11,003</b>	<b>\$ 6,101</b>	<b>\$ 496,056</b>	<b>\$ 33,145</b>	<b>\$ 1,119</b>	<b>\$ 10,710</b>	<b>\$ 2,975</b>	<b>\$ 2,437</b>	<b>\$ 742,008</b>

**TOWN OF BOONTON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2016</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Various Improvements	\$ 23,581,325	\$ 23,515,785		\$ 65,540
High School Bathroom Renovations	<u>245,000</u>	<u>-</u>	<u>\$ 236,272</u>	<u>8,728</u>
	<u>\$ 23,826,325</u>	<u>\$ 23,515,785</u>	<u>\$ 236,272</u>	<u>\$ 74,268</u>
Recapitulation:				
				\$ 74,268
				<u>(325)</u>
				<u>\$ 73,943</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, 2016**

<b>Revenues and Other Financing Sources</b>	
Transfer from Capital Reserve	\$ 195,000
Transfer from Capital Outlay	50,000
Interest on Investments	<u>2</u>
Total Revenues and Other Financing Sources	<u>245,002</u>
<b>Expenditures and Other Financing Uses</b>	
Construction Services	236,272
Transfer to General Fund	<u>2</u>
Total Expenditures and Other Financing Uses	<u>236,274</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,728
Fund Balance- Beginning of Year	<u>65,215</u>
Fund Balance- End of Year	<u>\$ 73,943</u>
<b><u>Recapitulation of Fund Balance</u></b>	
Unrestricted	<u>\$ 73,943</u>
	<u>\$ 73,943</u>

**TOWN OF BOONTON SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**VARIOUS IMPROVEMENTS**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 23,581,000	-	\$ 23,581,000	\$ 23,581,000
Total Revenues and Other Financing Sources	<u>23,581,000</u>	<u>-</u>	<u>23,581,000</u>	<u>23,581,000</u>
<b>Expenditures and Other Financing Uses</b>				
Legal Services	28,206		28,206	28,206
Purchased Professional and Technical Services	3,171,969		3,171,969	3,171,969
Other Purchased Services	1,294,768		1,294,768	1,294,768
Construction Services	19,020,842	-	19,020,842	19,086,057
Total Expenditures and Other Financing Uses	<u>23,515,785</u>	<u>-</u>	<u>23,515,785</u>	<u>23,581,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 65,215</u>	<u>\$ -</u>	<u>\$ 65,215</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	\$ 23,581,000			
Bonds Issued	23,581,000			
Original Authorization Cost	23,581,000			
Additional Authorization Cost	-			
Revised Authorized Cost	<u>23,581,000</u>			
Percentage Increase Over Original Authorized Cost			0.00%	
Percentage Completion			100%	
Original Target Completion Date			9/1/2009	
Revised Target Completion Date			9/1/2013	

**TOWN OF BOONTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
HIGH SCHOOL BATHROOM RENOVATIONS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve		\$ 195,000	\$ 195,000	\$ 195,000
Transfer from Capital Outlay	-	50,000	50,000	50,000
	-	245,000	245,000	245,000
<b>Expenditures and Other Financing Uses</b>				
Construction Services	-	236,272	236,272	245,000
	-	236,272	236,272	245,000
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 8,728	\$ 8,728	\$ -

Additional Project Information:

Project Numbers	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorization Cost		245,000		
Additional Authorization Cost		-		
Revised Authorized Cost		245,000		
Percentage Increase Over Original Authorized Cost		0.00%		
Percentage Completion		96%		
Original Target Completion Date		2015/16		
Revised Target Completion Date		2015/16		

**PROPRIETARY FUNDS**

**TOWN OF BOONTON SCHOOL DISTRICT  
ENTERPRISE FUNDS - NONMAJOR  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

	<u>Food Service</u>	<u>Bridges to Learning Program</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 139,787	\$ 17,770	\$ 157,557
Receivables			
Intergovernmental	15,449		15,449
Due from Other Funds		17,698	17,698
Inventories	<u>4,887</u>	<u>-</u>	<u>4,887</u>
Total Current Assets	<u>160,123</u>	<u>35,468</u>	<u>195,591</u>
Capital Assets			
Furniture, Machinery and Equipment	229,230		229,230
Less Accumulated Depreciation	<u>(194,953)</u>	<u>-</u>	<u>(194,953)</u>
Total Capital Assets, Net	<u>34,277</u>	<u>-</u>	<u>34,277</u>
Total Assets	<u>194,400</u>	<u>35,468</u>	<u>229,868</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	6,979	48,056	55,035
Due to Other Funds	<u>100,078</u>	<u>-</u>	<u>100,078</u>
Total Current Liabilities	<u>107,057</u>	<u>48,056</u>	<u>155,113</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	<u>588</u>	<u>-</u>	<u>588</u>
Total Deferred Inflows of Resources	<u>588</u>	<u>-</u>	<u>588</u>
Total Liabilities and Deferred Inflows of Resources	<u>107,645</u>	<u>48,056</u>	<u>155,701</u>
<b>NET POSITION</b>			
Investment in Capital Assets	34,277		34,277
Unrestricted	<u>52,478</u>	<u>(12,588)</u>	<u>39,890</u>
Total Net Position	<u>\$ 86,755</u>	<u>\$ (12,588)</u>	<u>\$ 74,167</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, 2016**

	<u>Food Service</u>	<u>Bridges to Learning Program</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Local Sources			
Daily Sales			
Reimbursable Programs	\$ 142,990		\$ 142,990
Non-Reimbursable Programs	145,364		145,364
Program Fees		\$ 392,877	392,877
Miscellaneous	6,818	-	6,818
	<u>295,172</u>	<u>392,877</u>	<u>688,049</u>
<b>OPERATING EXPENSES</b>			
Salaries and Wages	198,146	512,000	710,146
Other Purchased Services	4,256	17,560	21,816
Management Fee	26,000		26,000
Supplies and Materials	15,846	78,836	94,682
Insurance	30,666		30,666
Cost of Sales			
Reimbursable Programs	194,625		194,625
Non-Reimbursable Programs	62,271		62,271
Miscellaneous	25,809		25,809
Depreciation	8,327	-	8,327
	<u>565,946</u>	<u>608,396</u>	<u>1,174,342</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(270,774)</u>	<u>(215,519)</u>	<u>(486,293)</u>
<b>Nonoperating Revenues</b>			
State Sources			
School Lunch Program	5,413		5,413
Federal Sources			
School Breakfast Program	30,270		30,270
U.S.D.A. Commodities	28,410		28,410
School Lunch Program	198,433		198,433
Interest Income	282	195	477
	<u>262,808</u>	<u>195</u>	<u>263,003</u>
Total Nonoperating Revenues			
Change in Net Position	(7,966)	(215,324)	(223,290)
Net Position, Beginning of Year	<u>94,721</u>	<u>202,736</u>	<u>297,457</u>
Net Position, End of Year	<u>\$ 86,755</u>	<u>\$ (12,588)</u>	<u>\$ 74,167</u>



**TOWN OF BOONTON SCHOOL DISTRICT  
ENTERPRISE FUNDS - NONMAJOR  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Food Service</u>	<u>Bridges to Learning Program</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 295,172	\$ 392,877	\$ 688,049
Cash Payments for Employees Salaries & Benefits	(198,146)	(512,000)	(710,146)
Cash Payments to Suppliers for Goods and Services	<u>(327,597)</u>	<u>(48,340)</u>	<u>(375,937)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(230,571)</u>	<u>(167,463)</u>	<u>(398,034)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Received from Other Funds	31,663	153,704	185,367
Cash Received from Other Governments	<u>233,525</u>	<u>-</u>	<u>233,525</u>
Net Cash Provided by Noncapital Financing Activities	<u>265,188</u>	<u>153,704</u>	<u>418,892</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Earnings	<u>282</u>	<u>195</u>	<u>477</u>
Net Cash Provided by Investing Activities	<u>282</u>	<u>195</u>	<u>477</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,899	(13,564)	21,335
Cash and Cash Equivalents, Beginning of Year	<u>104,888</u>	<u>31,334</u>	<u>136,222</u>
Cash and Cash Equivalents, End of Year	<u>\$ 139,787</u>	<u>\$ 17,770</u>	<u>\$ 157,557</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating Income (Loss)	<u>\$ (270,774)</u>	<u>\$ (215,519)</u>	<u>\$ (486,293)</u>
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	28,410		28,410
Change in Assets, Deferred Inflows of Resources and Liabilities			
Increase/(Decrease) in Accounts Payable	3,841	48,056	51,897
Increase/(Decrease) in Deferred Inflows of Resources	(883)		(883)
Decrease/(Increase) in Inventory	<u>508</u>	<u>-</u>	<u>508</u>
Total Adjustments	<u>40,203</u>	<u>48,056</u>	<u>88,259</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (230,571)</u>	<u>\$ (167,463)</u>	<u>\$ (398,034)</u>
Non-Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 27,527		\$ 27,527

**FIDUCIARY FUNDS**

**TOWN OF BOONTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 119,703	\$ 905,268	\$ 1,024,971
Total Assets	<u>\$ 119,703</u>	<u>\$ 905,268</u>	<u>\$ 1,024,971</u>
<b>LIABILITIES</b>			
Summer Savings		\$ 502,857	\$ 502,857
Payroll Deductions and Withholdings Payable		141,184	141,184
Flexible Spending		1,476	1,476
Due to Student Groups	\$ 119,703		119,703
Due to Other Funds			
General Fund		200,566	200,566
Unemployment Compensation Trust	-	59,185	59,185
Total Liabilities	<u>\$ 119,703</u>	<u>\$ 905,268</u>	<u>\$ 1,024,971</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	<b>Balance, July 1, <u>2015</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursed</u></b>	<b>Balance, June 30, <u>2016</u></b>
Elementary Schools				
School Street School	\$ (89)	\$ 4,457	\$ 3,635	\$ 733
John Hill School	<u>15,997</u>	<u>33,656</u>	<u>33,870</u>	<u>15,783</u>
Total Elementary Schools	<u>15,908</u>	<u>38,113</u>	<u>37,505</u>	<u>16,516</u>
Middle School				
Student Activities	<u>11,274</u>	<u>40,425</u>	<u>39,477</u>	<u>12,222</u>
High School				
High School	<u>100,559</u>	<u>142,110</u>	<u>152,085</u>	<u>90,584</u>
Athletic Department				
Athletic Department - Middle School	979	4,403	5,338	44
Athletic Department - High School	<u>3,457</u>	<u>37,178</u>	<u>40,298</u>	<u>337</u>
Total Athletic Departments	<u>4,436</u>	<u>41,581</u>	<u>45,636</u>	<u>381</u>
Total	<u>\$ 132,177</u>	<u>\$ 262,229</u>	<u>\$ 274,703</u>	<u>\$ 119,703</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Balance, July 1, <u>2015</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2016</u></b>
Payroll Deductions and Withholdings	\$ 88,552	\$ 7,677,145	\$ 7,624,513	\$ 141,184
Accrued Salaries and Wages		9,856,681	9,856,681	
Summer Savings	443,410	506,857	447,410	502,857
Flexible Spending	1,963	18,867	19,354	1,476
Due to (from) Other Funds	<u>7,136</u>	<u>887,503</u>	<u>634,888</u>	<u>259,751</u>
 Total All Schools	 <u>\$ 541,061</u>	 <u>\$18,947,053</u>	 <u>\$ 18,582,846</u>	 <u>\$ 905,268</u>

**LONG-TERM DEBT**

TOWN OF BOONTON SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance, June 30, 2016</u>
Various Improvements to District Buildings	07/20/07	\$ 23,581,000	01/15/17	\$ 730,000	4.500%	\$ 1,430,000		\$ 700,000	730,000
2014 Refunding Bonds	9/25/14	9,305,000	1/15/2017	25,000	2.00%				
			1/15/2018	785,000	3.00%				
			1/15/2019	810,000	4.00%				
			1/15/2020	840,000	4.00%				
			1/15/2021	875,000	3.00%				
			1/15/2022	895,000	3.00%				
			1/15/2023	920,000	3.00%				
			1/15/2024	945,000	5.00%				
			1/15/2025	995,000	5.00%				
			1/15/2026	1,040,000	4.00%				
			1/15/2027	1,080,000	4.00%	9,235,000		25,000	9,210,000



TOWN OF BOONTON SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance, June 30, 2016</u>
2015 Refunding Bonds	4/14/15	\$ 9,475,000	1/15/2028	\$ 1,210,000	3.00%				
			1/15/2029	1,245,000	3.00%				
			1/15/2030	1,275,000	4.00%				
			1/15/2031	1,325,000	4.00%				
			1/15/2032	1,375,000	4.00%				
			1/15/2033	1,420,000	4.00%				
			1/15/2034	1,480,000	4.00%	\$ 9,475,000	\$ -	\$ 145,000	\$ 9,330,000
						\$ 20,140,000	\$ -	\$ 870,000	\$ 19,270,000

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

	<u>Original Amount Issued</u>	<u>Date</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2016</u>
Copiers	\$ 486,753	7/2013	\$ 312,508	\$	\$ 96,818	\$ 215,690
Smart Boards	515,640	7/2013	322,465		103,890	218,575
Computers	53,977	7/2013	17,987		17,987	
Computers	174,388	9/2014	174,388		55,334	119,054
Tablets	96,490	7/2015	-	\$ 96,490	32,260	64,230
			<u>\$ 827,348</u>	<u>\$ 96,490</u>	<u>\$ 306,289</u>	<u>\$ 617,549</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 1,176,377		\$ 1,176,377	\$ 1,176,377	
State Sources					
Debt Service State Aid	<u>393,604</u>	<u>-</u>	<u>393,604</u>	<u>393,604</u>	<u>-</u>
Total Revenues	<u>1,569,981</u>	<u>-</u>	<u>1,569,981</u>	<u>1,569,981</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Redemption of Principal	725,000	\$ 145,000	870,000	870,000	
Interest and Other Charges	<u>844,981</u>	<u>(145,000)</u>	<u>699,981</u>	<u>681,493</u>	<u>\$ 18,488</u>
Total Expenditures	<u>1,569,981</u>	<u>-</u>	<u>1,569,981</u>	<u>1,551,493</u>	<u>18,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,488</u>	<u>(18,488)</u>
Fund Balance, Beginning of Year	<u>31,080</u>	<u>-</u>	<u>31,080</u>	<u>31,080</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 31,080</u>	<u>\$ -</u>	<u>\$ 31,080</u>	<u>\$ 49,568</u>	<u>\$ (18,488)</u>
<b>Recapitulation of Fund Balance:</b>					
Designated for Subsequent Year's Expenditures				\$ 31,080	
Restricted for Future Debt Service				<u>18,488</u>	
				<u>\$ 49,568</u>	

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015 (Restated)	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 2,995,066	\$ (13,775,082)	\$ (12,818,191)	\$ (12,043,491)	\$ 4,027,021	\$ 4,481,950	\$ 4,712,737	\$ 4,821,733	\$ 3,251,092	\$ 4,280,074
Restricted	695,132	17,419,462	16,663,278	16,167,036	118,628	141,313	89,834	195,425	195,572	729
Unrestricted	22,535	(131,089)	(524,984)	(342,396)	90,764	(419,296)	(534,686)	(88,341)	(5,354,528)	(5,796,140)
Total Governmental Activities Net Position	\$ 3,712,733	\$ 3,513,291	\$ 3,320,103	\$ 3,781,149	\$ 4,236,413	\$ 4,203,967	\$ 4,267,885	\$ 4,928,817	\$ (1,907,864)	\$ (1,515,337)
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 9,415	\$ 8,432	\$ 7,449	\$ 18,376	\$ 16,982	\$ 21,446	\$ 59,258	\$ 50,931	\$ 42,604	\$ 34,277
Unrestricted	31,114	31,012	32,965	39,576	30,586	20,561	77,693	114,360	254,853	39,890
Total Business-Type Activities Net Position	\$ 40,529	\$ 39,444	\$ 40,414	\$ 57,952	\$ 47,568	\$ 42,007	\$ 136,951	\$ 165,291	\$ 297,457	\$ 74,167
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 3,004,481	\$ (13,766,650)	\$ (12,810,742)	\$ (12,025,115)	\$ 4,044,003	\$ 4,503,396	\$ 4,771,995	\$ 4,872,664	\$ 3,293,696	\$ 4,314,351
Restricted	695,132	17,419,462	16,663,278	16,167,036	118,628	141,313	89,834	195,425	195,572	729
Unrestricted	53,649	(100,077)	(492,019)	(302,820)	121,350	(398,735)	(456,993)	26,019	(5,099,675)	(5,756,250)
Total District Net Position	\$ 3,753,262	\$ 3,552,735	\$ 3,360,517	\$ 3,839,101	\$ 4,283,981	\$ 4,245,974	\$ 4,404,836	\$ 5,094,108	\$ (1,610,407)	\$ (1,441,170)

Source: District Financial Statements

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 8,407,469	\$ 9,468,522	\$ 8,907,683	\$ 9,650,239	\$ 9,426,655	\$ 9,486,157	\$ 10,990,800	\$ 10,443,026	\$ 12,932,692	\$ 13,919,626
Special Education	2,351,205	2,792,796	3,334,070	3,549,500	4,594,746	4,846,099	5,723,331	5,719,166	6,387,540	6,022,009
Other Instruction	366,300	437,598	427,124	500,647	610,474	819,048	505,841	415,714	198,476	251,937
School Sponsored Co-Curricular Activities	515,193	714,623	759,521	829,232	685,144	787,917	866,832	932,877	1,260,484	1,138,102
<b>Support Services:</b>										
Tuition	1,131,804	1,523,142	1,421,188	1,363,419						
Student & Instruction Related Services	2,537,311	3,295,140	3,554,011	3,882,064	4,237,954	4,469,183	4,544,871	4,549,375	4,854,977	5,091,560
General Administration Services	560,943	737,008	558,643	567,315	579,779	559,059	649,618	670,071	719,094	778,712
School Administrative Services	1,172,762	1,064,782	994,601	1,090,635	1,262,258	1,086,705	1,131,944	996,230	1,139,252	1,273,827
Central Services	456,346	460,410	467,255	349,424	428,354	479,799	503,342	503,207	565,098	733,676
Plant Operations and Maintenance	2,031,783	2,258,921	2,176,050	2,236,055	2,038,944	1,943,356	2,230,095	2,608,116	2,478,944	2,608,249
Pupil Transportation	450,743	490,617	471,548	395,462	352,462	323,435	437,726	459,694	636,330	480,238
Unallocated Benefits										
Special Schools	35,000	38,000								
Charter Schools	36,504	41,006	40,366	33,442						
Interest On Long-Term Debt		1,014,423	1,074,095	1,062,834	1,040,028	1,011,931	984,866	974,470	992,232	756,194
Unallocated Depreciation	158,046	139,456	129,625	119,138	119,138	119,138				
Unallocated Expenditures			6,950	508						
Capital Outlay - Nondepreciable										
<b>Total Governmental Activities Expenses</b>	<b>20,211,409</b>	<b>24,476,444</b>	<b>24,322,730</b>	<b>25,629,914</b>	<b>25,375,936</b>	<b>25,931,827</b>	<b>28,569,266</b>	<b>28,271,946</b>	<b>32,165,119</b>	<b>33,054,130</b>
<b>Business-Type Activities:</b>										
Food Service	446,768	442,119	423,863	420,046	455,104	482,533	488,813	534,170	516,997	565,946
Bridges to Learning						223,765	216,314	289,659	188,429	608,396
Academy School										
<b>Total Business-Type Activities Expense</b>	<b>446,768</b>	<b>442,119</b>	<b>423,863</b>	<b>420,046</b>	<b>455,104</b>	<b>706,298</b>	<b>705,127</b>	<b>823,829</b>	<b>705,426</b>	<b>1,174,342</b>
<b>Total District Expenses</b>	<b>\$ 20,658,177</b>	<b>\$ 24,918,563</b>	<b>\$ 24,746,593</b>	<b>\$ 26,049,960</b>	<b>\$ 25,831,040</b>	<b>\$ 26,638,125</b>	<b>\$ 29,274,393</b>	<b>\$ 29,095,775</b>	<b>\$ 32,870,545</b>	<b>\$ 34,228,472</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Tuition	\$ 3,716,535	\$ 4,595,583	\$ 4,608,138	\$ 4,765,154	\$ 4,694,605	\$ 4,632,374	\$ 6,544,697	\$ 6,686,058	\$ 6,454,946	\$ 6,136,381
Operating Grants And Contributions	3,804,301	3,994,060	2,574,195	2,917,992	2,980,199	3,492,361	3,868,854	3,411,555	6,418,449	7,531,561
Capital Grants and Contributions										25,644
<b>Total Governmental Activities Program Revenues</b>	<b>7,520,836</b>	<b>8,589,643</b>	<b>7,182,333</b>	<b>7,683,146</b>	<b>7,674,804</b>	<b>8,124,735</b>	<b>10,413,551</b>	<b>10,097,613</b>	<b>12,873,395</b>	<b>13,693,586</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services</b>										
Food Service	316,915	295,101	269,706	256,408	258,034	249,198	263,130	271,287	275,111	295,172
Bridges to Learning						252,677	246,100	300,170	321,343	392,877
Academy School										
Operating Grants And Contributions	130,190	143,481	154,265	180,373	186,456	198,668	244,455	280,500	240,813	262,526
<b>Total Business Type Activities Program Revenues</b>	<b>447,105</b>	<b>438,582</b>	<b>423,971</b>	<b>436,781</b>	<b>444,490</b>	<b>700,543</b>	<b>753,685</b>	<b>851,957</b>	<b>837,267</b>	<b>950,575</b>
<b>Total District Program Revenues</b>	<b>\$ 7,967,941</b>	<b>\$ 9,028,225</b>	<b>\$ 7,606,304</b>	<b>\$ 8,119,927</b>	<b>\$ 8,119,294</b>	<b>\$ 8,825,278</b>	<b>\$ 11,167,236</b>	<b>\$ 10,949,570</b>	<b>\$ 13,710,662</b>	<b>\$ 14,644,161</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (12,690,573)	\$ (15,886,801)	\$ (17,140,397)	\$ (17,946,768)	\$ (17,701,132)	\$ (17,807,092)	\$ (18,155,715)	\$ (18,174,333)	\$ (19,291,724)	\$ (19,360,544)
Business-Type Activities	337	(3,537)	108	16,735	(10,614)	(5,755)	48,558	28,128	131,841	(223,767)
<b>Total District-Wide Net Expense</b>	<b>\$ (12,690,236)</b>	<b>\$ (15,890,338)</b>	<b>\$ (17,140,289)</b>	<b>\$ (17,930,033)</b>	<b>\$ (17,711,746)</b>	<b>\$ (17,812,847)</b>	<b>\$ (18,107,157)</b>	<b>\$ (18,146,205)</b>	<b>\$ (19,159,883)</b>	<b>\$ (19,584,311)</b>
<b>General Revenues And Other Changes In Net Assets</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied For General Purposes	\$ 13,755,266	\$ 14,051,450	\$ 14,550,560	\$ 15,132,756	\$ 15,721,418	\$ 15,721,594	\$ 15,977,947	\$ 16,705,430	\$ 16,999,501	\$ 17,288,395
Taxes Levied For Debt Service			593,783	1,132,600	1,207,149	1,201,363	1,194,540	1,201,840	1,198,844	1,176,377
Federal and State Aid - Unrestricted	476,479	514,214	1,492,471	1,663,446	72,788	323,288	417,889	513,548	504,439	522,765
State Aid - Restricted for Debt Service/Principal				144,510		150,904	157,298	164,971	192,993	220,714
Tuition										
Investment Earnings	45,892	864,915	280,826	46,464	18,791	2,640	251	3,191	63	3,168
Miscellaneous Income	191,955	256,780	40,769	432,548	991,740	374,957	145,442	246,285	343,322	541,652
State Aid - State Facilities Grant										
Transfers	108,451									
SDA Grant-Cancelled			(11,200)							
<b>Total Governmental Activities</b>	<b>14,578,043</b>	<b>15,687,359</b>	<b>16,947,209</b>	<b>18,407,814</b>	<b>18,156,396</b>	<b>17,774,746</b>	<b>17,893,367</b>	<b>18,835,265</b>	<b>19,239,162</b>	<b>19,753,071</b>
<b>Business-Type Activities:</b>										
Investment Earnings	4,053	2,452	862	803	230	194	247	212	325	477
Transfers	(93,621)									
<b>Total Business-Type Activities</b>	<b>(89,568)</b>	<b>2,452</b>	<b>862</b>	<b>803</b>	<b>230</b>	<b>194</b>	<b>247</b>	<b>212</b>	<b>325</b>	<b>477</b>
<b>Total District-Wide</b>	<b>\$ 14,488,475</b>	<b>\$ 15,689,811</b>	<b>\$ 16,948,071</b>	<b>\$ 18,408,617</b>	<b>\$ 18,156,626</b>	<b>\$ 17,774,940</b>	<b>\$ 17,893,614</b>	<b>\$ 18,835,477</b>	<b>\$ 19,239,487</b>	<b>\$ 19,753,548</b>
<b>Change In Net Position</b>										
Governmental Activities	\$ 1,887,470	\$ (199,442)	\$ (193,188)	\$ 461,046	\$ 455,264	\$ (32,346)	\$ (262,348)	\$ 660,932	\$ (52,562)	\$ 392,527
Business-Type Activities	(89,231)	(1,085)	970	17,538	(10,384)	(5,561)	48,805	28,340	132,166	(223,290)
<b>Total District</b>	<b>\$ 1,798,239</b>	<b>\$ (200,527)</b>	<b>\$ (192,218)</b>	<b>\$ 478,584</b>	<b>\$ 444,880</b>	<b>\$ (37,907)</b>	<b>\$ (213,543)</b>	<b>\$ 689,272</b>	<b>\$ 79,604</b>	<b>\$ 169,237</b>

Source: District Financial Statements

TOWN OF BOONTON SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

(Unaudited)  
 (modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,051,187	\$ 693,792	\$ 812,888	\$ 590,771						
Unreserved	434,306	860,280	358,609	401,496						
Nonspendable					\$ 264,581	\$ 6,750				
Restricted					113,058	135,743	\$ 89,834	\$ 373,124	\$ 373,271	\$ 729
Assigned					576,840	354,506	184,989	109,559	157,260	238,887
Unassigned					(49,372)	(106,632)	(57,574)	314,144	238,161	276,503
Total General Fund	\$ 1,485,493	\$ 1,554,072	\$ 1,171,497	\$ 992,267	\$ 905,107	\$ 390,367	\$ 217,249	\$ 796,827	\$ 768,692	\$ 516,119
All Other Governmental Funds										
Reserved				\$ 1,410,970	\$ 210,763	\$ 1,469,245				
Unreserved	\$ (356,055)	\$ 15,314,700	\$ 15,639,627	\$ 14,107,020	\$ 13,532,000	\$ 3,880,341	\$ 125,389	\$ 125,389	\$ 96,295	\$ 123,511
Restricted										
Total All Other Governmental Funds	\$ (356,055)	\$ 16,725,670	\$ 15,850,390	\$ 15,576,265	\$ 13,532,000	\$ 3,880,341	\$ 125,389	\$ 125,389	\$ 96,295	\$ 123,511
Total Governmental Funds	\$ 1,051,187	\$ 2,104,762	\$ 1,023,651	\$ 2,060,016	\$ 264,581	\$ 6,750	\$ 215,223	\$ 498,513	\$ 469,566	\$ 124,240
Reserved	78,251	16,174,980	15,998,236	14,508,516	13,645,058	4,016,084	184,989	109,559	157,260	238,887
Nonspendable					576,840	354,506	(57,574)	314,144	238,161	276,503
Restricted					(49,372)	(106,632)				
Assigned										
Unassigned										
Total Governmental Funds	\$ 1,129,438	\$ 18,279,742	\$ 17,021,887	\$ 16,568,532	\$ 14,437,107	\$ 4,270,708	\$ 342,638	\$ 922,216	\$ 864,987	\$ 639,630

Source: District Financial Statements

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

	Fiscal Year Ended June 30.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Property Tax Levy	\$ 13,755,266	\$ 14,051,450	\$ 15,144,343	\$ 16,265,356	\$ 16,928,567	\$ 16,922,857	\$ 17,172,487	\$ 17,907,270	\$ 18,198,345	\$ 18,464,772
Tuition Charges	3,716,535	4,595,583	4,608,138	4,765,154	4,694,605	4,632,374	6,544,697	6,686,058	6,454,946	6,136,381
Interest Earnings	45,892	864,915	280,826	46,464	18,791	2,640	251	3,191	63	3,168
Miscellaneous	198,521	263,326	57,532	447,995	995,545	376,806	147,442	250,579	343,322	541,652
State Sources	3,877,756	4,064,676	3,575,499	3,642,973	2,547,047	3,332,361	3,875,697	3,614,930	3,896,230	4,502,206
Federal Sources	396,458	435,052	474,404	923,018	646,645	632,343	566,344	470,850	636,143	731,224
<b>Total Revenue</b>	<b>21,990,428</b>	<b>24,277,002</b>	<b>24,140,742</b>	<b>26,090,960</b>	<b>25,831,200</b>	<b>25,899,381</b>	<b>28,306,918</b>	<b>28,932,878</b>	<b>29,529,049</b>	<b>30,379,403</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	5,545,621	6,373,444	6,356,752	6,565,413	9,445,022	9,488,666	10,769,675	10,217,283	11,055,583	11,726,395
Special Education Instruction	1,925,424	2,241,865	2,602,974	2,799,897	4,594,746	4,846,099	5,723,331	5,719,166	5,890,594	5,481,312
Other Instruction	366,146	436,663	428,062	503,965	610,474	819,048	505,841	415,714	175,010	212,762
School Sponsored Co-Curricular Activ.	485,976	648,230	680,867	740,734	685,144	787,917	866,832	932,877	1,214,747	1,091,241
Support Services										
Tuition	1,131,804	1,523,142	1,421,188	1,363,419						
Student & Instruction Related Services	2,207,515	2,861,700	3,080,149	3,301,057	4,236,357	4,467,586	4,513,515	4,518,019	4,522,916	4,673,111
General Administration Services	536,207	719,640	523,155	532,845	579,779	559,059	636,429	656,882	647,455	690,160
School Administrative Services	979,071	844,083	872,074	919,032	1,260,609	1,085,056	1,077,998	942,284	969,786	1,070,429
Central Services	382,269	350,119	421,519	326,920	428,354	479,799	503,342	503,207	560,947	722,784
Plant Operations And Maintenance	1,719,669	1,902,167	1,795,537	1,875,060	2,038,944	1,943,356	1,836,200	2,214,221	2,074,370	2,180,225
Pupil Transportation	433,857	476,023	458,753	382,887	352,462	323,435	387,590	409,558	585,328	427,348
Allocated Benefits	2,412,618	2,751,512	3,238,830	3,761,189						
Unallocated Benefits	2,369,873	2,429,510	1,396,111	1,515,577						
TPAF Pension/Social Security										
Unallocated Expenditures										
Special Schools	35,000	38,000								
Charter Schools	36,504	41,006	40,366	33,442						
Capital Outlay	757,157	6,548,464	996,965	302,783	2,049,835	9,651,659	3,801,685	1,053,408	254,048	546,254
Debt Service:										
Principal			546,000	546,000	629,218	590,000	615,000	839,278	949,132	1,176,289
Interest And Other Charges		522,130	1,074,095	1,074,095	1,051,681	1,024,100	997,550	987,773	1,155,340	702,940
<b>Total Expenditures</b>	<b>21,324,711</b>	<b>30,707,698</b>	<b>25,933,397</b>	<b>26,544,315</b>	<b>27,962,625</b>	<b>36,065,780</b>	<b>32,234,988</b>	<b>29,409,670</b>	<b>30,055,256</b>	<b>30,701,250</b>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	665,717	(6,430,696)	(1,792,655)	(453,355)	(2,131,425)	(10,166,399)	(3,928,070)	(476,792)	(526,207)	(321,847)
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds		23,581,000								
Refunding Bond Proceeds									18,780,000	
Premium on Refunding Bonds Issued									1,696,069	
Payment to Refunded Bond Escrow Agent									(20,181,479)	
Capital Lease Proceeds								1,056,370	174,388	96,490
Transfers In	408,451	831,734	280,520	36,624	12,604	2,455	160	2	-	245,002
Transfers Out	-	(831,734)	(280,520)	(36,624)	(12,604)	(2,455)	(160)	(2)	-	(245,002)
<b>Total Other Financing Sources (Uses)</b>	<b>408,451</b>	<b>23,581,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,056,370</b>	<b>468,978</b>	<b>96,490</b>
<b>Net Change In Fund Balances</b>	<b>\$ 1,074,168</b>	<b>\$ 17,150,304</b>	<b>\$ (1,792,655)</b>	<b>\$ (453,355)</b>	<b>\$ (2,131,425)</b>	<b>\$ (10,166,399)</b>	<b>\$ (3,928,070)</b>	<b>\$ 579,578</b>	<b>\$ (57,229)</b>	<b>\$ (225,357)</b>
Debt Service As A Percentage Of Noncapital Expenditures	0.00%	2.16%	6.50%	6.17%	6.49%	6.11%	5.67%	6.44%	7.06%	6.23%

\* Noncapital expenditures are total expenditures less capital outlay.

Source: District Financial Statements



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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals	Refunds	Cancelled Prior Year Accounts Payable	Prior Year Accounts Receivable Cancelled	Reimbursement of Dental Premiums	Summer School Tuition	Prior Year Taxes	E-Rate	Other	Total
2007	\$ 45,892	\$ 3,716,535	\$ 68,673	\$ 5,209			\$ 14,167	\$ 50,041		\$	\$ 60,431	\$ 3,960,948
2008	33,181	4,593,583	99,731	27,873			15,133	56,236			57,807	4,885,544
2009	17,108	4,608,138	251	38,576			15,913				10,400	4,566,015
2010	9,840	4,765,154	305,193	27,825		\$ (24,371)	16,020				83,510	5,207,542
2011	6,187	4,694,605	112,664						\$ 550,168		328,908	5,697,532
2012	4,022	4,652,374	76,033	125,490							169,607	5,007,526
2013	91	6,544,697	44,829								100,613	6,690,230
2014	3,189	6,686,058	141,724	64,113							40,448	6,933,532
2015	63	6,454,946	175,837	45,685							121,800	6,798,331
2016	3,166	6,136,381	225,382	24,259	\$ 142,648				\$ 30,871		116,492	6,881,199

Source: District Financial Records

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate <sup>a</sup>
2007	\$ 4,056,200	\$ 438,059,900	\$ 218,700	\$ 1,700	\$ 80,898,000	\$ 3,601,780	\$ 9,339,000	\$ 536,175,280	\$ 3,584,868	\$ 539,760,148	\$ 1,251,303,645	\$ 2.410
2008	10,755,400	1,001,230,100	412,700	2,000	182,340,200	74,767,800	21,214,600	1,290,722,800	7,546,070	1,298,268,870	1,349,249,270	1.150
2009	11,545,100	1,001,406,500	412,700	2,000	179,263,400	72,634,000	20,261,800	1,285,525,500	7,450,446	1,292,975,946	1,326,296,441	1.230
2010	12,086,500	1,000,696,400	412,700	2,000	177,822,100	69,929,400	20,878,800	1,281,827,900	7,517,899	1,289,345,799	1,283,550,247	1.283
2011	8,545,800	853,780,800	365,900	3,200	162,094,800	65,321,200	19,675,400	1,109,787,100	7,481,282	1,117,268,382	1,244,208,934	1.506
2012	8,374,000	854,409,500	365,900	2,200	160,413,600	65,092,900	19,504,600	1,108,162,700	100	1,108,162,800	1,165,517,730	1.532
2013	7,620,000	853,368,400	365,900	2,200	159,612,300	63,558,500	19,213,200	1,103,740,500	100	1,103,740,600	1,110,673,783	1.585
2014	7,185,500	852,895,600	252,500	2,200	160,407,600	63,558,500	19,213,200	1,103,515,100	100	1,103,515,200	1,097,543,322	1.625
2015	6,448,600	855,815,600	252,500	2,200	159,387,000	63,665,300	19,213,200	1,104,784,400	100	1,104,784,500	1,152,309,286	1.652
2016			Information Not Available					1,106,322,700	100	1,106,322,800	1,129,427,791	1.685

Source: County Abstract of Ratables

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

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

<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>	
2007	\$ 2.410	\$ 1.080	\$ 0.520	\$ 4.020
2008	1.150	0.520	0.240	1.910
2009	1.230	0.560	0.230	2.020
2010	1.280	0.600	0.230	2.100
2011	1.510	0.710	0.260	2.480
2012	1.532	0.725	0.259	2.516
2013	1.580	0.720	0.240	2.540
2014	1.625	0.766	0.256	2.647
2015	1.652	0.792	0.262	2.706
2016	1.685	0.807	0.260	2.752

Source: Municipal Tax Assessor

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
		Information		Information
		not		not
		Available		Available

Source: Municipal Tax Assessor

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

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Percentage of Levy	Collections in Subsequent Years
		Amount	Amount		
2007	\$ 13,755,266	\$ 13,755,266		100.00%	N/A
2008	14,051,450	14,051,450		100.00%	N/A
2009	15,144,343	15,144,343		100.00%	N/A
2010	16,265,356	15,983,615		98.27%	\$ 281,741
2011	16,928,567	16,928,567		100.00%	N/A
2012	16,922,857	16,922,857		100.00%	N/A
2013	17,172,487	17,172,487		100.00%	N/A
2014	17,907,270	17,907,270		100.00%	N/A
2015	18,198,345	18,198,345		100.00%	N/A
2016	18,464,772	18,464,772		100.00%	N/A

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
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	8,360	2,763
2011	22,470,000		22,470,000	8,402	2,674
2012	21,880,000		21,880,000	8,432	2,595
2013	21,265,000		21,265,000	8,440	2,520
2014	20,620,000	862,092	21,482,092	8,435	2,547
2015	20,140,000	827,348	20,967,348	8,441	2,484
2016	19,270,000	617,549	19,887,549	8,441 (E)	2,356

Source: District Records

(E) - Estimate

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

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
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%	2,755
2011	22,470,000	-	22,470,000	2.01%	2,674
2012	21,880,000	-	21,880,000	1.97%	2,595
2013	21,265,000	-	21,265,000	1.93%	2,520
2014	20,620,000	-	20,620,000	1.87%	2,445
2015	20,140,000	-	20,140,000	1.82%	2,386
2016	19,270,000	-	19,270,000	1.74%	2,283

Source: District Records

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
**a** See Exhibit J-6 for property tax data.  
**b** See Exhibit J-14 for population data

**TOWN OF BOONTON SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015  
(UNAUDITED)**

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
Municipal Debt (1)			
Town of Boonton	\$ 13,580,781	\$ 6,352,781	\$ 7,228,000
Town of Boonton School District	<u>19,950,325</u>	<u>19,950,325</u>	<u>-</u>
	<u>\$ 33,531,106</u>	<u>\$ 26,303,106</u>	7,228,000
Overlapping Debt Apportioned to the Municipality			
County of Morris (2)			<u>\$ 2,784,669</u>
Total Direct and Overlapping Debt			<u>\$ 10,012,669</u>

Source:

- (1) Town of Boonton's 2015 Annual Debt Statement
- (2) The debt for this entity was apportioned to the Town of Boonton School District by dividing the municipality's 2015 equalized value by the total 2015 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 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 44,061,041	\$ 48,799,108	\$ 51,253,363	\$ 51,829,041	\$ 50,521,691	\$ 48,469,969	\$ 46,313,265	\$ 44,529,846	\$ 44,345,193	\$ 44,529,596
Total net debt applicable to limit	-	23,581,000	23,581,000	23,035,000	22,470,325	21,880,325	21,265,325	20,620,325	20,140,325	19,270,325
Legal debt margin	\$ 44,061,041	\$ 25,218,108	\$ 27,672,363	\$ 28,794,041	\$ 28,051,366	\$ 26,589,644	\$ 25,047,940	\$ 23,909,521	\$ 24,204,868	\$ 25,259,271
Total net debt applicable to the limit as a percentage of debt limit	0.00%	48.32%	46.01%	44.44%	44.48%	45.14%	45.92%	46.31%	45.42%	43.28%

	2015	2014	2013
Equalized valuation basis	\$1,115,493,134	1,138,936,010	1,085,290,560
	<u>\$3,339,719,704</u>		
Average equalized valuation of taxable property	\$1,113,239,901		
Debt limit (4 % of average equalization value)	\$ 44,529,596		
Total Net Debt Applicable to Limit	<u>19,270,325</u>		
Legal debt margin	<u>\$ 25,259,271</u>		

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)**

<u>Year Ended December 31,</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	8,397	\$ 72,211	5.7%
2008	8,435	74,636	7.5%
2009	8,460	70,516	12.6%
2010	8,360	72,780	12.7%
2011	8,402	76,194	12.3%
2012	8,432	78,693	12.8%
2013	8,440	79,094	8.4%
2014	8,435	82,810	5.2%
2015	8,441	N/A	4.9%
2016	8,441 (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	2016		2007	
	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 TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	91.26	90.80	98.00	100.00	97.00	97.00	94.00	92.00	92.30	91.00
Special education	36.40	40.50	36.00	37.00	35.00	32.00	45.00	43.00	45.00	55.00
Support Services:										
Student & instruction related services	31.50	29.10	27.00	28.00	28.00	29.00	38.20	33.00	38.75	44.60
General administrative services	2.00	2.00	2.00	1.00	2.00	2.00	1.80	3.00	3.00	3.00
School administrative services	12.83	13.00	11.00	11.00	8.00	8.00	8.00	7.00	8.15	8.00
Business administrative services	5.00	4.00	5.00	4.00	4.00	4.00	4.00	6.20	4.50	4.10
Plant operations and maintenance	17.00	17.00	17.00	15.00	15.00	15.00	16.00	16.00	16.00	18.00
Lunchroom/Playground Aides	1.80	1.00	2.00	2.00	2.00	8.00	4.00	3.00	1.20	4.00
Pupil Transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>198.79</u>	<u>198.40</u>	<u>199.00</u>	<u>199.00</u>	<u>192.00</u>	<u>196.00</u>	<u>212.00</u>	<u>204.20</u>	<u>209.90</u>	<u>228.70</u>

N/A - Not Available

Source: District Records

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

Pupil/Teacher Ratio

Fiscal Year	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	Student Attendance Percentage
2007	1,263	\$ 20,567,554	\$ 16,285	9.12%	116	1:10	1:10	1:12	1,263	1,198	-4.82%	94.85%
2008	1,289	23,637,104	18,338	14.92%	113	1:10	1:10	1:12	1,242	1,179	-1.66%	94.93%
2009	1,208	23,316,337	19,302	-1.36%	131	1:09	1:11	1:9	1,208	1,146	-2.74%	94.87%
2010	1,205	24,621,437	20,433	5.60%	131	1:10	1:11	1:9	1,205	1,162	-0.25%	96.43%
2011	1,241	24,231,891	19,526	-1.58%	152	1:12	1:19	1:11	1,241	1,179	2.99%	95.00%
2012	1,254	24,800,021	19,777	2.34%	153	1:12	1:19	1:11	1,266	1,208	2.01%	95.42%
2013	1,289	26,820,753	20,807	8.15%	153	1:11	1:19	1:11	1,274	1,215	0.63%	95.37%
2014	1,293	26,529,211	20,518	-1.09%	153	1:12	1:09	1:12	1,293	1,236	1.49%	95.59%
2015	1,303	27,696,736	21,256	4.40%	133	1:12	1:09	1:10	1,308	1,251	1.16%	95.64%
2016	1,303	28,275,767	21,701	2.09%	116	1:12	1:09	1:10	1,308	1,251	0.00%	95.64%

Source: District records

Note:

a Enrollment based on annual October district count

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

c Cost per pupil represents operating expenditures divided by enrollment

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

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
School Street School (Grades K-3)										
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Capacity (Students)	299	299	299	299	299	299	299	299	299	299
Enrollment	290	273	270	274	316	342	342	122	122	122
John Hill School, Including Annex Building (Grades 4-8)										
Square Feet	42,296	42,296	42,296	42,296	42,296	42,296	90,076	90,076	90,076	90,076
Capacity (Students)	224	224	224	224	224	224	800	800	800	800
Enrollment	222	227	217	206	199	201	410	595	595	595
Boonton High School (Grades 9-12)										
Square Feet	111,741	111,741	111,741	111,741	111,741	111,741	111,741	111,741	111,741	111,741
Capacity (Students)	501	501	501	501	501	501	501	501	501	501
Enrollment	751	742	724	734	726	727	537	607	607	607
Administration Building										
Square Feet	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120
Administration Annex Building										
Square Feet	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222
Child Study Team										
Square Feet	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299
Maintenance/Transportation Building										
Square Feet	11,995	11,995	11,995	11,995	11,995	11,995	11,995	11,995	11,995	11,995

Number of Schools at June 30, 2016

  Elementary = 2

  Middle School = 1

  High School = 1

Source: District records

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

School Facilities	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Boonton High School	\$ 90,254	\$ 218,306	\$ 80,934	\$ 74,423	\$ 76,762	\$ 120,087	\$ 196,753	\$ 203,735	\$ 101,934	\$ 74,464
John Hill School	63,093	33,378	12,467	36,657	20,816	54,137	40,593	228,957	119,956	91,256
School Street School	70,102	62,370	20,072	23,189	19,536	30,693	16,771	29,706	94,946	13,867
Other Facilities	2,530	2,893	166,208	144,515	90,816	133,204	25,684	179,640	48,299	263,638
Total School Facilities	<u>\$ 225,979</u>	<u>\$ 316,947</u>	<u>\$ 279,681</u>	<u>\$ 278,784</u>	<u>\$ 207,930</u>	<u>\$ 338,121</u>	<u>\$ 279,801</u>	<u>\$ 642,038</u>	<u>\$ 365,135</u>	<u>\$ 443,225</u>

**TOWN OF BOONTON SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2016  
(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 Blanket Limit	\$ 400,000,000	\$ 5,000
	Earthquake	50,000,000	
	Electronic Data Processing Coverage	1,000,000	1,000
	Boiler & Machinery - Umbrella Policy	100,000,000	5,000
	Crime-Blanket Faithful Performance	250,000	1,000
	Money & Securities - In/Out (crime)	25,000	500
	Depositors Forgery (in crime)	250,000	1,000
	General Liability	31,000,000	
	Commercial Automobile	31,000,000	
American Safety	Environmental Impairment - Aggregate	11,000,000	25,000
	Environmental Impairment - Event	1,000,000	25,000
Bob McCloskey Ins.	Student Accident with Full Excess	5,000,000	
	Catastrophic	1,000,000	
New Jersey School Boards Insurance Group	Public Employees' Faithful Performance Blanket: Board Secretary/Business Administrator	250,000	1,000
	Treasurer	250,000	1,000
New Jersey School Boards Insurance Group	School Board Legal Liability - Directors and Officers Policy	31,000,000	5,000
New Jersey School Boards Insurance Group	Workers Compensation Satutory Limits	2,000,000	



**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, 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, 2016 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 October 28, 2016.

#### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Boonton School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.


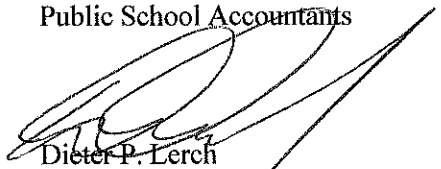
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Town of Boonton School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 28, 2016.

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

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

### **Purpose of this Report**

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

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants  
  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
October 28, 2016



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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of 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) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Town of Boonton School District's major federal and state programs for the fiscal year ended June 30, 2016. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey Circular and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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, 2016.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003. Our opinion on each major federal and state program is not modified with respect to this matter.

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

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

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

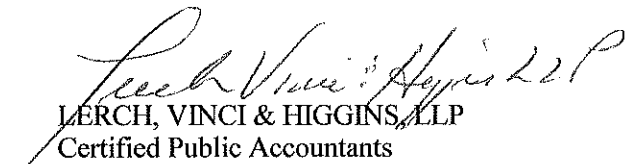
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material 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 2016-003 that we consider to be a significant deficiency.

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

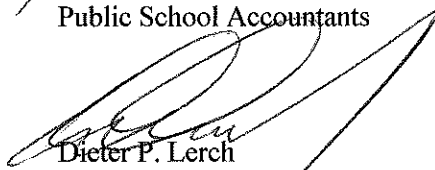
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District, as of and for the fiscal year ended June 30, 2016 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 October 28, 2016, 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. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
October 28, 2016

TOWN OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2015	Unearned Revenues	Carryover Amount	Cash Received	Budgetary Encumbrances	Adjustment	Repayment of Prior Years' Balance	(Accounts Receivable)	Balance June 30, 2016	Due to Grantor	Memo GAAP Receivable	
U.S. Department of Agriculture																
Passed Through State Department of Education:																
Enterprise Fund:																
10.553	16161N304NI099	N/A	7/1/15-6/30/16	\$ 30,270	\$		\$ 28,060	\$ 30,270				\$ (2,210)			\$ 2,210	
10.553	N/A	N/A	7/1/14-6/30/15	29,445	(2,235)		2,235								12,886	
10.553	16161N304NI099	N/A	7/1/15-6/30/16	198,433	(12,285)		185,537	198,433				(12,896)				
			7/1/14-6/30/15	185,943			12,285									
			7/1/15-6/30/16	27,527			27,527	26,939					\$ 588			
			7/1/14-6/30/15	19,645	1,471			1,471								
					(13,049)		255,644	257,113				(15,106)			15,106	
					(13,049)		255,644	257,113				(15,106)			15,106	
Child Nutrition Cluster Total																
Total Enterprise Fund																
U.S. Department of Health and Human Services																
General Fund																
93.778	1605N35MAP	N/A	7/1/15-6/30/16	24,119			24,119	24,119				(21,405)			21,405	
93.778		N/A	7/1/13-6/30/14	21,405				21,405							21,405	
Total General Fund																
U.S. Department of Education																
Passed Through State Department of Education																
Special Revenue Fund																
84.027	H027A150100	FT-0450-16	7/1/15-6/30/16	336,409		\$ 198,692	\$ (198,692)	492,287	496,056	\$ 6,868		(42,814)	39,045		3,769	
84.027		FT-0450-15	7/1/14-6/30/15	325,439	(45,855)		198,692	39,287								
84.173	H173A150114	PS-0450-16	7/1/15-6/30/16	11,053			10,698					(21,751)	21,751			
84.173		PS-0450-15	7/1/14-6/30/15	10,698	(12,584)		10,698			12,584						
					(58,439)			531,574	496,056	19,152		(64,565)	60,796		3,769	
Special Education Cluster Total																
NCLB																
84.010	S010A150030	NCLB-0450-16	7/1/15-6/30/16	216,138		16,444	(16,444)	71,930	166,877			(160,652)	65,705		94,947	
84.010		NCLB-0450-15	7/1/14-6/30/15	209,535	(74,243)		16,444	74,243								
84.367A	S567A150029	NCLB-0450-16	7/1/15-6/30/16	25,031	(13,738)		2,338	3,708	5,663	(3,046)		(23,661)	21,706		1,955	
84.367A		NCLB-0450-15	7/1/14-6/30/15	25,532			2,338	16,784								
84.365A	S365A150030	NCLB-0450-16	7/1/15-6/30/16	12,008		3,089	(3,089)	5,277	11,003	(2,065)		(9,840)	4,094		5,726	
84.365A		NCLB-0450-15	7/1/14-6/30/15	13,301	(9,741)		3,089	11,806								
		NCLB-0450-16	7/1/15-6/30/16	6,238				52	6,101			(6,186)	137		6,049	
		RITT-0450-15	9/1/11-11/30/15	14,291	112					(112)						
Race to the Top																
Total Special Revenue Fund																
Total Federal Awards																
															\$	\$ 148,957

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

FAIN Numbers were only utilized for grant periods beginning in fiscal year 2015/2016.

TOWN OF BOONTON SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Unearned Revenue (Assoc. Rec.)	Due to Grantor	Carryover Amount	Cash Received	Proprietary Expenditures	Adjustment/Repayment for Prior Years Balance	June 30, 2016 (Accrued Receivable)	Due to Grantor	GAAP Receivable	MEMO Cash/Non-Cash Expenditures
<b>State Department of Education</b>													
General Fund													
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 587,566				\$ 547,532	\$ 587,566		\$ (40,034)			\$ 587,566
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	52,091	(52,091)				434,008		(29,571)			434,008
Equalization Aid	16-495-034-5120-078	7/1/14-6/30/15	434,008	(38,477)			38,477	46,136		(3,144)			46,136
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	46,136	(4,090)			4,090	44,208		(3,012)			44,208
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	46,136	(4,090)			4,090	44,208		(3,012)			44,208
School Choice Aid	16-495-034-5120-088	7/1/14-6/30/15	29,472	(2,613)			13,732	14,736		(1,004)			14,736
Additional Adjustment Aid	16-495-034-5120-085	7/1/14-6/30/15	14,736	(1,306)			1,306	10,290		(701)			10,290
PARCC Readiness Aid	16-495-034-5120-085	7/1/14-6/30/16	10,290	(913)			913	10,290		(701)			10,290
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	10,290	(913)			913	10,290		(701)			10,290
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	10,290	(913)			913	1,147,234		(78,167)			1,147,234
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	10,290	(100,493)			1,169,470	3,987,095		(247,024)			3,987,095
State Aid - Public Charter Total			11,589	(1,027)			10,799	11,589		(790)			11,589
Transportation Aid	16-100-034-5120-014	7/1/14-6/30/15	11,589	(1,027)			1,027	168,067		(168,067)			168,067
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/16	168,067	(210,793)			210,793	797,538					797,538
Extraordinary Aid	16-100-034-5120-473	7/1/14-6/30/15	211,473				39,738	39,738					39,738
On-Behalf TPAF Female Contributions	16-495-034-5094-006	7/1/15-6/30/16	79,538				906,952	906,952					906,952
On-Behalf TPAF Male Contributions	16-495-034-5094-007	7/1/15-6/30/16	30,238				825,987	825,987					825,987
Retiree TPAF Social Security Contributions	16-495-034-5094-001	7/1/15-6/30/16	98,652				40,322	3,987,095					3,987,095
Retiree TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	789,656	(40,322)			4,092,616	5,922					5,922
Retiree TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	789,656	(352,545)			4,092,616	5,922					5,922
Total General Fund			6,795				6,795	5,922					5,922
Special Revenue Fund													
NI Nonpublic Aid	16-100-034-5120-067	7/1/15-6/30/16	6,768				6,768	846					846
Auxiliary Services	15-100-034-5120-067	7/1/14-6/30/15	8,938				2,687	5,922					5,922
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16											
ESL													
Nonpublic Auxiliary Services (Chapter 193) Cluster Total			25,733				25,733	23,683					23,683
Handicapped Services	16-100-034-5120-066	7/1/15-6/30/16	23,683				8,819	4,264					4,264
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	2,128				8,168	2,970					2,970
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	8,168				2,824	1,119					1,119
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	9,416				11,643	6,698					6,698
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	6,795				6,795	4,358					4,358
Nonpublic Handicapped Services (Chapter 193) Cluster Total			6,795				6,795	2,015					2,015
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	10,710				10,710	8,032					8,032
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	14,702				3,094	1,256					1,256
Nursing Aid	16-100-034-5120-070	7/1/15-6/30/16	3,094				383	2,975					2,975
Nursing Aid	15-100-034-5120-073	7/1/14-6/30/15	5,120				26,016	56,308					56,308
Technology Aid	16-100-034-5120-073	7/1/15-6/30/16	2,975				393,604	393,604					393,604
Technology Aid	14-100-034-5120-373	7/1/14-6/30/15	2,975				393,604	393,604					393,604
Security Aid	16-100-034-5120-073	7/1/15-6/30/16	393,604				5,070	5,413		(343)			5,413
Security Aid	15-100-034-5120-073	7/1/14-6/30/15	5,409	(338)			338	343					343
Total Special Revenue Fund			5,413				5,408	5,413					5,413
Debt Service Fund													
Debt Service Aid - Type II	16-495-034-5120-017	7/1/15-6/30/16	393,604				393,604	393,604					393,604
Total Debt Service Fund			393,604				393,604	393,604					393,604
Enterprise Fund													
State School Lunch Program	16-100-034-5120-023	7/1/15-6/30/16	5,413				5,413	4,442,420					4,442,420
State School Lunch Program	15-100-034-5120-023	7/1/14-6/30/15	5,409	(338)			4,561,723	13,787					13,787
Total Enterprise Fund			5,413				5,408	5,413					5,413
Total State Awards			\$ 343				\$ 26,016	\$ 4,442,420		\$ (343)			\$ 4,442,420
			\$ 343				\$ 26,016	\$ 4,442,420		\$ (343)			\$ 4,442,420

Less:

- On-Behalf Assistance Not Included in Single Audit and Major Program Determination
- TPAF Pension Contributions (790,538)
- TPAF Non-Contributory Insurance Contributions (39,238)
- TPAF Post Retirement Medical Contributions (996,952)

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

\$ 2,277,505      \$ 2,608,202



**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, 2016**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$65,199 for the general fund. There is no adjustment for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 45,524	\$ 4,052,294	\$ 4,097,818
Special Revenue Fund	685,700	56,308	742,008
Debt Service Fund		393,604	393,604
Food Service Fund	<u>257,113</u>	<u>5,413</u>	<u>262,526</u>
Total Financial Assistance	<u>\$ 988,337</u>	<u>\$ 4,507,619</u>	<u>\$ 5,495,956</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, 2016**

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

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$825,987 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$837,266 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$996,952 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**TOWN OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

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

**Federal Awards Section**

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with section .516(a) of Uniform Guidance?   X   yes        no

Identification of major federal programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:                           \$750,000

Auditee qualified as low-risk auditee?   X   yes        no

**TOWN OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X yes      \_\_\_\_\_ no

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)?

X yes      \_\_\_\_\_ 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 N.J. Circular Letter 15-08?

X yes      \_\_\_\_\_ no

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>16-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>16-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>16-495-034-5120-084</u>	<u>Security Aid</u>
<u>16-495-034-5120-068</u>	<u>School Choice Aid</u>
<u>16-495-034-5120-085</u>	<u>Additional Adjustment Aid</u>
<u>16-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>16-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>16-495-034-5120-017</u>	<u>Debt Service Aid</u>
<u> </u>	<u> </u>

**TOWN OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*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 2016-001:**

Our audit indicated that the monthly reports of the Treasurer and Board Secretary were not submitted to the Board for approval in a timely basis.

**Criteria or specific requirement:**

Generally Accepted Accounting Principles

**Condition:**

The monthly reports of the Treasurer of School Monies and Board Secretary were not presented to the Board for approval in a timely basis.

**Context:**

The monthly reports of the Treasurer of School Monies, along with the required bank reconciliations, as well as the monthly reports of the Board Secretary were not submitted to the Board for approval in a timely manner. The reports for the months of March through June had not been approved as of the date of the audit.

**Effect:**

District financial records are not being reconciled with the respective bank accounts in a timely basis.

**Cause:**

Unknown.

**Recommendation:**

The monthly reports of the Board Secretary and Treasurer of School Monies, along with related bank account reconciliations, be submitted to the Board for approval in a timely manner.

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**CURRENT YEAR FEDERAL AWARDS**

**Finding 2016-002**

Our audit indicated that the District did not maintain the required level of effort with respect to Special Education expenditures related to the federal IDEA grant program.

**Information on the Federal Program**

84.027	IDEA, Part B – Basic
84.137	IDEA Preschool

**Criteria or Specific Requirement**

U.S. Uniform Guidance Compliance Supplement – Special Education Cluster

**Condition**

The District did not meet its minimum requirement for special education expenditures funds from local and/or state funds.

**Questioned Costs**

None.

**Context**

The District was awarded \$347,462 in IDEA funds for 2015-16, an increase \$11,325 from the 2014/15 award amount. However, the District's actual per pupil spending of local/state funds for special education costs decreased from 2014/15 to 2015/16.

IDEA funds received by a school district cannot be used except under limited circumstances to reduce the level of expenditures for the education of children with disabilities made from state and local funds below the level of those expenditures for the preceding fiscal year.

**Effect**

The District is not in compliance with the maintenance of effort requirement with respect to the IDEA grant program.

**Cause**

Unknown.

**Recommendation**

The District maintain its level of effort with respect to special education expenditures funded from state and/or local funds in accordance with the federal IDEA grant program compliance requirements.

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**CURRENT YEAR STATE AWARDS**

**Finding 2016-003:**

Our audit indicated that the monthly reports of the Treasurer and Board Secretary were not submitted to the Board for approval in a timely basis.

**Information on the State Program**

Special Education Aid	16-495-034-5120-089
Equalization Aid	16-495-034-5120-078
Security Aid	16-495-034-5120-084
School Choice Aid	16-495-034-5120-068
Additional Adjustment Aid	16-495-034-5120-085
PARCC Readiness Aid	16-495-034-5120-098
Per Pupil Growth Aid	16-495-034-5120-097

**Criteria or specific requirement:**

State Aid Public – Grant Compliance Supplement

**Condition:**

The monthly reports of the Treasurer of School Monies and Board Secretary were not presented to the Board for approval in a timely basis.

**Questioned Costs:**

None.

**Context:**

The monthly reports of the Treasurer of School Monies, along with the required bank reconciliations, as well as the monthly reports of the Board Secretary were not submitted to the Board for approval in a timely manner. The reports for the months of March through June had not been approved as of the date of the audit.

**Effect:**

The District is not in compliance with state aid grant compliance.

**Cause:**

Unknown.

**Recommendation:**

The monthly reports of the Board Secretary and Treasurer of School Monies, along with related bank account reconciliations, be submitted to the Board for approval in a timely manner.

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

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

**TOWN OF BOONTON SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2015-001**

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

**Current Status**

Corrective action has been taken.

**Finding 2015-002**

See Finding 2015-001.

**Current Status**

Corrective action has been taken.