

SCHOOL DISTRICT
OF
BOONTON TOWNSHIP

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

Comprehensive Annual
Financial Report

of the

Boonton Township School District
Board of Education

Boonton Township, New Jersey

For Fiscal Year Ended June 30, 2016

Prepared by

Boonton Township School District
Board of Education

BOONTON TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

BOONTON TOWNSHIP BOARD OF EDUCATION
 11 Valley Road
 Boonton Township, New Jersey 07005

Dr. Christian Angelillo
 Superintendent/ Principal
 Voice (973) 334-4162

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

September 7, 2016

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Boonton Township School District (the "District") for the fiscal year ended June 30, 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 Boonton Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes The Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Boonton Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Boonton Township Board of Education and its school constitute the District's reporting entity.

The Boonton Township Board of Education is a Type II District administered by a superintendent and business administrator. Boonton Township has only one public school, known as Rockaway Valley School, which provided learning opportunities for 451 children during the 2015/2016 school year in grades K-8 with two special education preschool programs. The District is in a sending/receiving relationship with Mountain Lakes Board of Education to provide educational services for their high school students. There were 256 Boonton Township High School students attending Mountain Lakes High School during 2015/2016.

A full range of educational services and curriculum appropriate to the elementary grade levels is available at Rockaway Valley School. Regular programs as well as special education for the special needs youngsters are readily provided. The District completed the 2015/2016 fiscal year with an average daily enrollment of 713 students (which includes the high school students) which is 15 students or 2.06% less than the previous year's enrollment.

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

The population of Morris County continues to grow and Boonton Township's growth has slowed a bit in comparison to the County average. Boonton Township's population in 2000 was 4,283. In 2010, the census showed that the population was 4,263 or a decrease of -0.47%. The County growth during the same time frame was 4.7%. The Township labor force equals 2,088 people and 1,994 are employed. The unemployment rate was 4.50% compared to the County average of 6.3%.

3. MAJOR INITIATIVES: Rockaway Valley School maintains a welcoming and nurturing environment for all students. We believe that students must continue to strive toward high academic standards that are aligned with the National Core Content Standards. New math and literacy programs were implemented in the past few years and teachers will continue expanding these programs. The emphasis on infusing literacy in the classroom continues, with a focus on improving teaching strategies in all academic areas, and upgrading the physical plant over the next several years. A comprehensive staff development program was initiated several years ago with a continued focus on implementing the Kim Marshall teacher evaluation program and the Genesis student data base program. This effort will also continue into the next year. The district will be migrating over to a "Google School" during the 2016-2017 school year to allow shared documents between students and staff. Preparations for this transition were made during 2015-2016.

In order to prepare students for 21st Century learning, additional MacBooks with carts, iPads and Smart Boards were purchased to either replace outdated units or supplement the existing inventory. The school currently has an inventory of Smart boards in every educational space and MacBook carts available for each grade level. Computers were upgraded for staff and student use as part of the district's multi-year Technology Plan. The district's budget includes an allowance for increased bandwidth of 300 mps and a wireless network which was upgraded improve the delivery of instruction to students through mobile computing and interactive instruction. Laptop computers are often used in conjunction with the SMART Boards that are in every classroom. As the New Jersey PARCC computerized testing enters its third year of implementation, keyboarding continues to be infused into the curriculum to improve students' skills. New textbooks were purchased and the associated curriculum was rewritten for Grades 5 to 8 Science. As in past years, new books including teacher resource materials were purchased for the library/media center. New novels were purchased for the classrooms. A new mini STEAM lab was integrated into the Gifted and Talented program, and a committee was established to develop a comprehensive "STEM" education curriculum for the upcoming year. The Master Schedule was altered to accommodate additional math periods in grades 6 and 6. This emphasis has resulted in a dramatic increase in student achievement in math at those levels.

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

The Honorable President and Members
of the Board of Education
Boonton Township School District
Page 3
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Several health and safety facility items were addressed during the 2015-16 school year. The rear parking lot was repaved to repair major damage caused by several harsh winters and to provide safer parking for visitors and staff as well as better navigation for school buses. Several electrical circuits, HVAC systems and security systems were either replaced or upgraded as needed. Poorly functioning exterior doors were replaced at the front of the school to improve safety and efficiency and the video surveillance system was upgraded.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2016.

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

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

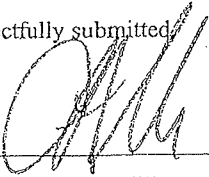
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District.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

The Honorable President and Members
of the Board of Education
Boonton Township School District
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September 7, 2016

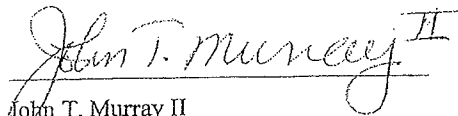
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



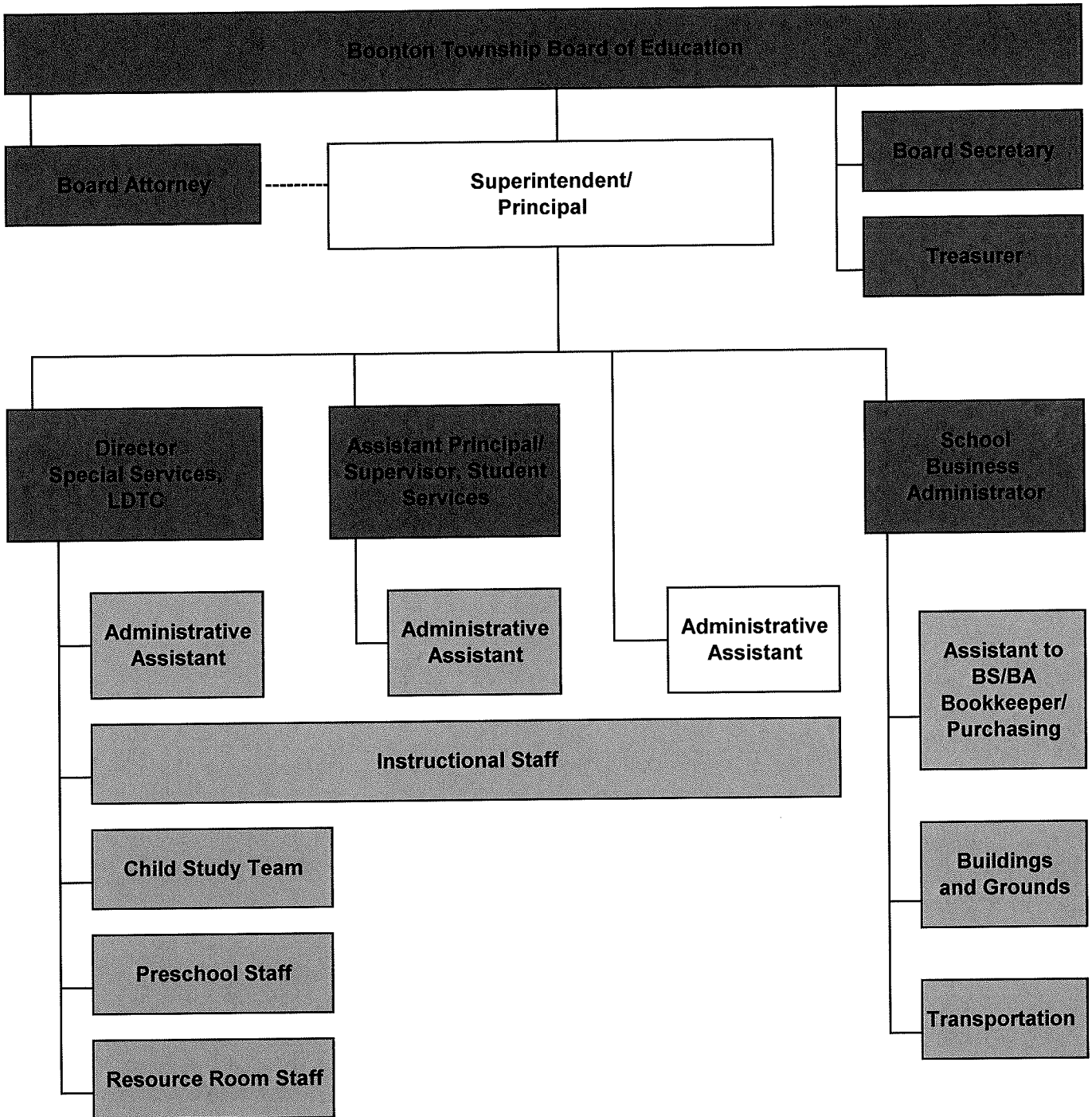
Dr. Christian Angelillo
Superintendent/ Principal



John T. Murray II
Business Administrator/Board Secretary

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



Approved: May 2, 2006

BOONTON TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barry Brantner, President	2016
Patricia Collins, Vice President	2016
Ann Bentrovato	2018
Christine Cabana	2017
Adrienne Charlton	2016
Grace McBride	2017
Susan Miele-Motyka	2018
John Sierchio	2018
Katherine Youngman	2017

Other OfficialsTitle

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

BOONTON TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors
Year Ended June 30, 2016

Audit Firm

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

Board Attorney

Matthew J. Giacobbe, Esq.
Cleary Giacobbe Alfieri Jacobs, LLC
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Oakland, NJ 07436

Special Education Attorney

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Schenck, Price, Smith & King, LLP
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P.O. Box 991
Florham Park, NJ 07003

Bond Attorney

Lisa A. Gorab, Esq.
Wilentz, Goldman, Spitzer
90 Woodbridge Center Dr., Suite 900, Box 10
Woodbridge, NJ 07095

Architect of Record

GA Architect
151 Washington Street
Bloomfield, NJ 07003

Official Depositories

Bank of America
Powerville Road
Boonton Township, NJ 07005

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

FINANCIAL SECTION



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

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

Independent Auditors' Report

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

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 Board of Education of the Boonton Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District'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.

Auditors' 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 *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 from 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 District'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 District'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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Boonton Township School District, in the County of Morris, as of June 30, 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, which follows this report, the required supplementary information pension schedules and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
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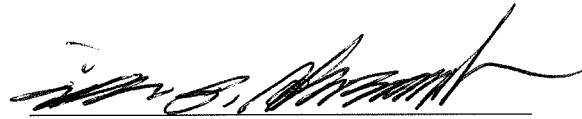
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2016 on our consideration of the 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 District's internal control over financial reporting and compliance.

September 7, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP

A handwritten signature in black ink, appearing to read 'W. F. Schroeder', is written over a horizontal line.

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

REQUIRED SUPPLEMENTARY INFORMATION -
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016
(Unaudited)**

This section of Boonton Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved by \$79,399 on a district-wide basis.
- Overall revenue was \$15.55 million.
- Overall expenses were \$15.47 million.
- Enrollment in the District increased in 2015/2016 and cost per pupil increased 1.79%.

Overview of the Financial Statements

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

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

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

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

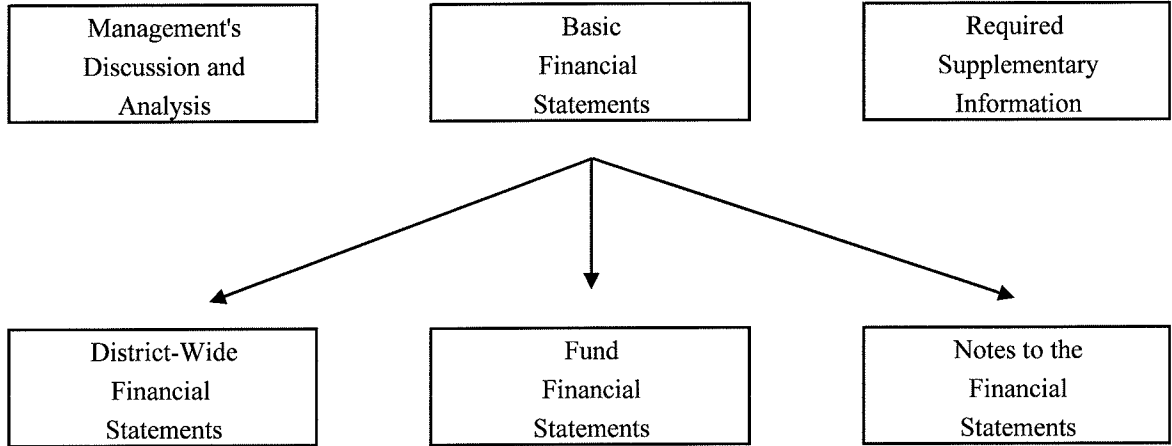


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is included in total expenses.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015-2016
Current and Other Assets	\$ 1,944,772	\$ 2,014,594	\$ 18,988	\$ 22,747	\$ 1,963,760	\$ 2,037,341	-3.61%
Capital Assets, Net	260,628	305,958	15,696	16,657	276,324	322,615	-14.35%
Total Assets	<u>2,205,400</u>	<u>2,320,552</u>	<u>34,684</u>	<u>39,404</u>	<u>2,240,084</u>	<u>2,359,956</u>	-5.08%
Deferred Outflows of Resources	<u>587,535</u>	<u>164,194</u>			<u>587,535</u>	<u>164,194</u>	257.83%
Long-Term Debt Outstanding	3,573,253	3,152,382			3,573,253	3,152,382	13.35%
Other Liabilities	134,696	273,694	15,783		150,479	273,694	-45.02%
Total Liabilities	<u>3,707,949</u>	<u>3,426,076</u>	<u>15,783</u>		<u>3,723,732</u>	<u>3,426,076</u>	8.69%
Deferred Inflows of Resources	<u>40,868</u>	<u>114,454</u>			<u>40,868</u>	<u>114,454</u>	-64.29%
Net Position:							
Net Investment in Capital Assets/(Deficit)	(499,372)	(654,042)	15,696	16,657	(483,676)	(637,385)	24.12%
Restricted	761,486	901,550			761,486	901,550	-15.54%
Unrestricted/(Deficit)	<u>(1,217,996)</u>	<u>(1,303,292)</u>	<u>3,205</u>	<u>22,747</u>	<u>(1,214,791)</u>	<u>(1,280,545)</u>	5.13%
Total Net Position/(Deficit)	<u>\$ (955,882)</u>	<u>\$ (1,055,784)</u>	<u>\$ 18,901</u>	<u>\$ 39,404</u>	<u>\$ (936,981)</u>	<u>\$ (1,016,380)</u>	7.81%

Changes in net position. The District's combined net position was \$(936,981) on June 30, 2016, \$79,399 or 7.81% higher than the year before. (See Figure A-3). The net position of the governmental activities increased \$99,902, because revenue increased by \$523,225 and expenses increased by \$881,839. The net position of the business-type activities decreased \$20,503 (see Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental		Business-Type		Total		Total
	Activities		Activities		School		Percentage
	2016	2015	2016	2015	2016	2015	Change
							2015-2016
Revenue:							
Program Revenue:							
Charges for Services			\$ 6,924	\$ 7,688	\$ 6,924	\$ 7,688	-9.94%
Operating Grants and Contributions	\$ 2,759,007	\$ 2,436,503			2,759,007	2,436,503	13.24%
General Revenue:							
Property Taxes	12,640,913	12,494,077			12,640,913	12,494,077	1.18%
Unrestricted Federal and State Aid	81,044	73,500			81,044	73,500	10.26%
Other	48,498	17,940			48,498	17,940	170.33%
Total Revenue	15,529,462	15,022,020	6,924	7,688	15,536,386	15,029,708	3.37%
Expenses:							
Instruction	6,817,031	6,429,696			6,817,031	6,429,696	6.02%
Tuition	5,137,900	4,769,617			5,137,900	4,769,617	7.72%
Pupil & Instruction Services	973,397	883,564			973,397	883,564	10.17%
Administrative and Business	1,024,615	1,016,291			1,024,615	1,016,291	0.82%
Maintenance & Operations	820,522	764,981			820,522	764,981	7.26%
Transportation	600,101	617,890			600,101	617,890	-2.88%
Other	71,777	81,465	11,644	15,980	83,421	97,445	-14.39%
Total Expenses	15,445,343	14,563,504	11,644	15,980	15,456,987	14,579,484	6.02%
Transfers	15,783		(15,783)				
Increase/(Decrease) in Net Position	\$ 99,902	\$ 458,516	\$ (20,503)	\$ (8,292)	\$ 79,399	\$ 450,224	-82.36%

Revenue Sources. The District's total revenue for the 2015/2016 school year was \$15,552,169. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$12,640,913 of the total, or 87.72%. (See Figure A-5). Another 10.80% came from state and federal aid and the remainder from other miscellaneous sources and charges for services. It is important to note that of the Categorical Grants amount of \$2,407,218, there is \$625,326 included in funds that are not paid to the District for Pension Contributions and Post Retirement Medical Benefits that the State of New Jersey is paying on behalf of the District. Boonton Township School District basically conducts its operations from the revenues it receives from its local taxpayers.

Figure A-5
Sources of Revenue for Fiscal Year 2016

Sources of Income	Amount	Percentage
State Formula Aid	\$ 432,833	3.22%
Property Taxes	12,640,913	87.72%
Federal and State Categorical Grants	2,407,218	7.58%
Charges for Services	6,924	0.07%
Other	64,281	1.41%
	\$ 15,552,169	100.00%

The total cost of all programs and services was \$15,472,770. The District's expenses are predominantly related to instructing, tuition, caring for (pupil services) and transporting students (86.73%). (See Figure A-6). The District's administrative and business activities accounted for 6.99% of total costs.

Figure A-6

Expenses for Fiscal Year 2016

Expense Category	Amount	Percentage
Instruction	\$ 6,817,031	41.28%
Tuition	5,137,900	34.69%
Pupil & Instruction Services	973,397	6.27%
Administrative and Business	1,024,615	6.99%
Maintenance & Operations	820,522	5.57%
Transportation	600,101	4.49%
Other	83,421	0.71%
	\$ 15,456,987	100.00%

Out-of-district tuition costs for special education placements and for students sent to Mountain Lakes High School grades 9 through 12 accounted for about 34.69% of the total budget. Administrative and Business functions included costs for the District's legal, professional and auditing fees, liability insurance, telephone, postage, technology and internet costs, environmental testing and election expenses.

Operations and maintenance expenses of approximately 5.57% included costs for the upkeep and maintenance of the facility including cleaning, landscaping and maintenance contracts, pest control, utilities and property insurance.

Transportation costs were for regular and special education to and from Rockaway Valley School, Mountain Lakes High School and out-of-district special education placements. The District is also responsible for the transportation costs or the payment of "aid-in-lieu" of transportation for non-public students who reside within the District. The total transportation costs were about 4.49%.

Additionally, Special Revenue Fund expenses from state and federal sources in the amount of \$138,280 and debt service payments for bond principal and interest totaling \$238,400 were paid in 2015/2016.

The 2015/2016 budget is reflective of the District's desire to provide its students and staff with the best opportunities, in a safe learning environment while being responsible to its taxpayers. Through careful budgeting, prudent planning and internal controls, the use of cooperative purchasing, shared services with Boonton Township and other school districts in areas such as facility services, vehicle maintenance and technology, the District has been successful in maximizing its available resources.

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved by approximately \$99,902 in the governmental activities. Maintaining existing programs with regular pupil enrollment and the provision of a multitude of special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions continued during the year were:

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

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

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

Figure A-7

Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction	\$ 6,817,031	\$ 6,429,696	\$ 4,277,478	\$ 4,287,931
Tuition	5,137,900	4,769,617	5,137,900	4,682,627
Pupil & Instruction Services	973,397	883,564	890,817	842,220
Administrative and Business	1,024,615	1,016,291	946,648	913,451
Maintenance & Operations	820,522	764,981	820,522	764,981
Transportation	600,101	617,890	541,194	554,326
Other	71,777	81,465	71,777	81,465
Total	\$ 15,445,343	\$ 14,563,504	\$ 12,686,336	\$ 12,127,001

- The cost of all governmental activities this year was \$15.45 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$2,840,051).
- Most of the District's costs, however, were financed by District taxpayers (\$12.64 million).
- A portion of governmental activities was financed with \$432,833 in state formula aid.
- The remainder of the funding came from miscellaneous revenue, charges for services and investment earnings (\$64,281).

Business-Type Activities

Net position from the District's business-type activity decreased by \$20,503, primarily due to an excess in net cash resources of \$15,783 that was turned over to the current fund and is part of the \$24,427 of expenses (refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position slightly increased due to significant budget reductions and changes in student population. The cost of additional teachers, plus benefits, has been a strain on our budget but is necessitated to maintain class sizes at acceptable levels.

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

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

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015-2016
	Furniture, Machinery and Equipment	\$ 260,628	\$ 305,958	\$ 15,696	\$ 16,657	\$ 276,324	\$ 322,615
Total	\$ 260,628	\$ 305,958	\$ 15,696	\$ 16,657	\$ 276,324	\$ 322,615	-14.35%

During the fiscal year, the District acquired \$30,177 in equipment and depreciated \$76,468 of its capital assets.

Long-Term Debt

At year-end, the District had \$3,573,253 in general obligation bonds, net pension liability and other long-term debt outstanding – an increase of \$420,871 from last year due to the increase in Net Pension Liability – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-9

Outstanding Long-Term Debt

	Total School District		Total Percentage Change
	2016	2015	2015-2016
General Obligation Bonds (Financed with Property Taxes)	\$ 760,000	\$ 960,000	-20.83%
Net Pension Liability	2,541,801	1,920,545	32.35%
Other Long Term Debt	271,452	271,837	-0.14%
Total	\$ 3,573,253	\$ 3,152,382	13.35%

- The District continued to pay down its debt, retiring \$200,000 of general obligation bonds and \$15,953 of ERIP obligations.
- The District had a net increase of \$621,256 in net pension liability.
- The District also had a net increase in Compensated Absences payable of \$15,568.

Factors Bearing on the District’s Future

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

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 991,230	\$ 18,988	\$ 1,010,218
Receivables from Federal Government	30,624		30,624
Receivables from State Government	207,940		207,940
Internal Balances	15,783	(15,783)	
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	348,445		348,445
Maintenance Reserve Account - Cash and Cash Equivalents	350,750		350,750
Capital Assets, Net	260,628	15,696	276,324
Total Assets	<u>2,205,400</u>	<u>18,901</u>	<u>2,224,301</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Proportion - Pensions	253,928		253,928
Difference between Expected and Actual Experience - Pensions	60,638		60,638
Changes in Assumptions - Pensions	272,969		272,969
Total Deferred Outflows of Resources	<u>587,535</u>		<u>587,535</u>
LIABILITIES			
Accounts Payable - Vendors	133,670		133,670
Unearned Revenue	1,026		1,026
Noncurrent Liabilities:			
Due Within One Year	211,229		211,229
Due Beyond One Year	3,362,024		3,362,024
Total Liabilities	<u>3,707,949</u>		<u>3,707,949</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	40,868		40,868
Total Deferred Outflows of Resources	<u>40,868</u>		<u>40,868</u>
NET POSITION/(Deficit)			
Net Investment in Capital Assets/ (Deficit)	(499,372)	15,696	(483,676)
Restricted for:			
Capital Projects	348,445		348,445
Other Purposes	413,041		413,041
Unrestricted/(Deficit)	(1,217,996)	3,205	(1,214,791)
Total Net Position/(Deficit)	<u>\$ (955,882)</u>	<u>\$ 18,901</u>	<u>\$ (936,981)</u>

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

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenue		Net Expense and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:					
Instruction:					
Regular	\$ 5,409,429		\$ 1,503,798	\$ (3,905,631)	\$ (3,905,631)
Special Education	1,063,179		941,059	(122,120)	(122,120)
Other Special Instruction	216,423		60,590	(155,833)	(155,833)
School Sponsored/Other Instruction	128,000		34,106	(93,894)	(93,894)
Support Services:					
Tuition	5,137,900			(5,137,900)	(5,137,900)
Student & Instruction Related Services	973,397		82,580	(890,817)	(890,817)
General Administrative Services	289,630			(289,630)	(289,630)
School Administrative Services	391,927		77,967	(313,960)	(313,960)
Central Services	284,745			(284,745)	(284,745)
Administration Information Technology	58,313			(58,313)	(58,313)
Plant Operations and Maintenance	820,522			(820,522)	(820,522)
Pupil Transportation	600,101		58,907	(541,194)	(541,194)
Unallocated Depreciation	32,360			(32,360)	(32,360)
Capital Outlay	1,017			(1,017)	(1,017)
Interest on Long-Term Debt	38,400			(38,400)	(38,400)
Total Governmental Activities	<u>15,445,343</u>		<u>2,759,007</u>	<u>(12,686,336)</u>	<u>(12,686,336)</u>
Business-Type Activities:					
Food Service	<u>11,644</u>	\$ 6,924		\$ (4,720)	(4,720)
Total Business-Type Activities	<u>11,644</u>	<u>6,924</u>		<u>(4,720)</u>	<u>(4,720)</u>
Total Primary Government	<u>\$ 15,456,987</u>	<u>\$ 6,924</u>	<u>\$ 2,759,007</u>	<u>\$ (12,686,336)</u>	<u>\$ (12,691,056)</u>
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net			\$ 12,459,483		\$ 12,459,483
Taxes Levied for Debt Service			181,430		181,430
Federal and State Aid Not Restricted			81,044		81,044
Miscellaneous Income			48,498		48,498
Transfers			<u>15,783</u>	\$ (15,783)	
Total General Revenue and Transfers			<u>12,786,238</u>	<u>(15,783)</u>	<u>12,770,455</u>
Change in Net Position			99,902	(20,503)	79,399
Net Position/(Deficit) - Beginning			<u>(1,055,784)</u>	<u>39,404</u>	<u>(1,016,380)</u>
Net Position/(Deficit) - Ending			<u>\$ (955,882)</u>	<u>\$ 18,901</u>	<u>\$ (936,981)</u>

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

BOONTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 991,230			\$ 991,230
Receivables From Federal Government		\$ 30,624		30,624
Receivables From State Government	207,940			207,940
Interfund Receivable	45,381			45,381
Restricted Cash and Cash Equivalents	699,195			699,195
Total Assets	\$ 1,943,746	\$ 30,624	\$ -0-	\$ 1,974,370
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	\$ 133,670			\$ 133,670
Interfund Payable		\$ 29,598		29,598
Unearned Revenue		1,026		1,026
Total Liabilities	133,670	30,624		164,294
Fund Balances:				
Restricted:				
Capital Reserve	348,445			348,445
Maintenance Reserve	350,750			350,750
Excess Surplus - Subsequent Year's Expenditures	62,291			62,291
Assigned:				
Year-End Encumbrances	376,510			376,510
Designated for Subsequent Year's Expenditures	313,278			313,278
Unassigned:				
General Fund	358,802			358,802
Total Fund Balances	1,810,076			1,810,076
Total Liabilities and Fund Balances	\$ 1,943,746	\$ 30,624	\$ -0-	\$ 1,974,370

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

Total Fund Balances (Above)	\$ 1,810,076
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,867,230, and the accumulated depreciation is \$2,606,602.	260,628
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,541,801)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	272,969
Difference between Expected and Actual Experience - Pensions	60,638
Investment Gains - Pensions	(40,868)
Changes in Proportions - Pensions	253,928
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.	(1,031,452)
Net Position of Governmental Activities (Exhibit A-1)	\$ (955,882)

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

Exhibit B-2

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

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 12,459,483		\$ 181,430	\$ 12,640,913
Tuition	34,089			34,089
Miscellaneous	30,192			30,192
Total - Local Sources	12,523,764		181,430	12,705,194
State Sources	1,533,220	\$ 4,000	56,970	1,594,190
Federal Sources		134,280		134,280
Total Revenue	14,056,984	138,280	238,400	14,433,664
EXPENDITURES:				
Current:				
Regular Instruction	3,080,301	16,493		3,096,794
Special Education Instruction	519,374	121,787		641,161
Other Special Instruction	118,122			118,122
School Sponsored/Other Instruction	75,301			75,301
Support Services and Undistributed Costs:				
Tuition	5,137,900			5,137,900
Student & Instruction Related Services	677,572			677,572
General Administrative Services	233,059			233,059
School Administrative Services	227,622			227,622
Central Services	189,836			189,836
Administration Information Technology	43,720			43,720
Plant Operations and Maintenance	645,401			645,401
Pupil Transportation	553,503			553,503
Unallocated Benefits	2,454,903			2,454,903
Debt Service:				
Principal			200,000	200,000
Interest and Other Charges			38,400	38,400
Capital Outlay	31,194			31,194
Total Expenditures	13,987,808	138,280	238,400	14,364,488
Excess of Revenue Over Expenditures	69,176			69,176
Net Change in Fund Balances	69,176			69,176
Fund Balance - July 1	1,740,900			1,740,900
Fund Balance - June 30	\$ 1,810,076	\$ -0-	\$ -0-	\$ 1,810,076

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

BOONTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 69,176
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.		
	Depreciation Expense	\$ (75,507)
	Capital Outlays	<u>30,177</u>
		(45,330)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(621,256)
Deferred Outflows:		
Changes in Assumptions		212,577
Difference between Expected and Actual Experience		60,638
Changes in Proportion		150,126
Deferred Inflows:		
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		73,586
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(15,568)
Repayment of bond principal and other long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)		
		<u>215,953</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 99,902</u>

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

Exhibit B-4

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

ASSETS:

Current Assets:		
Cash and Cash Equivalents	\$	18,988
Total Current Assets		18,988
Non-Current Assets:		
Capital Assets		27,068
Less: Accumulated Depreciation		(11,372)
Total Non-Current Assets		15,696
Total Assets		34,684

LIABILITIES:

Current Liabilities:		
Interfund Payable		15,783
Total Current Liabilities		15,783

NET POSITION:

Net Investment in Capital Assets		15,696
Unrestricted		3,205
Total Net Position	\$	18,901

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

Exhibit B-5

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating Revenue:	
Local Sources:	
Daily Sales:	
Special Milk Program	\$ 6,924
	<hr/>
Total Operating Revenue	6,924
	<hr/>
Operating Expenses:	
Cost of Sales	10,683
Depreciation Expense	961
	<hr/>
Total Operating Expenses	11,644
	<hr/>
Operating Loss	(4,720)
	<hr/>
Operating Transfers Out - General Fund	(15,783)
	<hr/>
Change in Net Position	(20,503)
	<hr/>
Net Position - Beginning of Year	39,404
	<hr/>
Net Position - End of Year	\$ 18,901
	<hr/> <hr/>

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

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

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 6,924
Payments to Suppliers	<u>(10,683)</u>
Net Cash used for Operating Activities	<u>(3,759)</u>
Net Decrease in Cash and Cash Equivalents	(3,759)
Cash and Cash Equivalents, July 1	<u>22,747</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 18,988</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (4,720)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	<u>961</u>
Net Cash used for Operating Activities	<u><u>\$ (3,759)</u></u>

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

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Agency	Unemployment Compensation Trust	Flexible Spending Trust
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 118,817	\$ 40,054	\$ 3,122
Total Assets	118,817	40,054	3,122
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings Due to Student Groups	72,774 46,043		
Total Liabilities	118,817		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims Restricted for Flexible Spending Claims		40,054	3,122
Total Net Position	\$ -0-	\$ 40,054	\$ 3,122

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

Exhibit B-8

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

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 17,954	\$ 17,678
Other		4,011
Total Contributions	<u>17,954</u>	<u>21,689</u>
Investment Earnings:		
Interest	<u>14</u>	
Net Investment Earnings	<u>14</u>	
Total Additions	<u>17,968</u>	<u>21,689</u>
DEDUCTIONS:		
Unemployment Compensation Claims	2,598	
Flexible Spending Claims		18,690
Other Expenses		<u>2,936</u>
Total Deductions	<u>2,598</u>	<u>21,626</u>
Change in Net Position	15,370	63
Net Position - Beginning of the Year	<u>24,684</u>	<u>3,059</u>
Net Position - End of the Year	<u>\$ 40,054</u>	<u>\$ 3,122</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements: (Cont'd)

The District reports the following proprietary fund: (Cont'd)

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,089,075	\$ 138,768
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas GAAP does not		
Current Year Encumbrances		(488)
Prior Year State Aid Payment Recognized for GAAP Statements	36,583	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(68,674)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 14,056,984</u>	<u>\$ 138,280</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,987,808	\$ 138,768
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.		
Current Year Encumbrances		(488)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 13,987,808	\$ 138,280

E. Cash and Cash Equivalents, and Investments:

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

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

F. Interfund Transactions (Cont'd):

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

K. Capital Assets:

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

K. Capital Assets (Cont'd):

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

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

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, 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.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2016.

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,810,076 General Fund fund balance at June 30, 2016, \$376,510 is assigned for year-end encumbrances; \$348,445 is restricted in the capital reserve account; \$350,750 is restricted in the maintenance reserve account; \$62,291 is prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017 in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701); \$313,278 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017; and \$358,802 is unassigned fund balance (which is \$68,674 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the subsequent fiscal year ended June 30, 2017).

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2016 is \$-0-.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as indicated above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$68,674 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the related state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$1,217,996 in governmental activities, which is due to \$190,031 of compensated absences payable, net difference in pension plan investments of \$40,868, ERIP payable of \$81,421, and net pension liability of \$2,541,801, offset by the changes in proportion in pensions of \$253,928; difference between expected and actual experience in pensions of \$60,638, changes in pension assumptions of \$272,969, unassigned balance of \$358,802; \$376,510 assigned for encumbrances and \$313,278 of fund balance assigned for subsequent year's expenditures. The District also has a deficit in Net Investment in Capital Assets due to Serial Bonds payable of \$760,000. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016 for changes in assumption and proportion in pension, as well as the difference between expected and actual experience in pensions.

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

(Continued)

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

R. Net Position (Cont'd):

The District had deferred inflows of resources for the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment or resources. The District has no committed resources at June 30, 2016.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not a restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for the 2016/2017 budget and year-end encumbrances at June 30, 2016.

T. Revenue - Exchange and Nonexchange Transactions:

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

U. Fund Balance Restrictions, Commitments and Assignments

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

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

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

V. Operating Revenue and Expenses:

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

W. Management Estimates:

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

X. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

(Continued)

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	Restricted Cash and Cash Equivalents		Unrestricted Cash and Cash	Total
	Capital Reserve	Maintenance Reserve	Equivalents	
Checking & Savings Accounts	\$ 348,445	\$ 350,750	\$ 959,578	\$ 1,658,773
NJ Cash Management Fund			212,633	212,633
	\$ 348,445	\$ 350,750	\$ 1,172,211	\$ 1,871,406

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$1,871,406 and the bank balance was \$1,918,431. The \$212,633 in the NJ Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Balance at June 30, 2015	\$ 348,445
Balance at June 30, 2016	\$ 348,445

The Long Range Facilities Plan balance of local support costs of uncompleted projects exceeds the balance in the capital reserve account at June 30, 2016.

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

(Continued)

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District transferred \$10,999 to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	Balance 06/30/15	Increases	Decreases	Balance 06/30/16
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 1,867,191			\$ 1,867,191
Machinery and Equipment	969,862	\$ 30,177		1,000,039
Total Capital Assets Being Depreciated	<u>2,837,053</u>	<u>30,177</u>		<u>2,867,230</u>
Governmental Activities Capital Assets	<u>2,837,053</u>	<u>30,177</u>		<u>2,867,230</u>
Less Accumulated Depreciated for:				
Buildings and Building Improvements	(1,791,361)	(25,944)		(1,817,305)
Machinery and Equipment	(739,734)	(49,563)		(789,297)
Total Accumulated Depreciation	<u>(2,531,095)</u>	<u>(75,507)</u>		<u>(2,606,602)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 305,958</u>	<u>\$ (45,330)</u>	<u>\$ -0-</u>	<u>\$ 260,628</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 27,068			\$ 27,068
Less Accumulated Depreciation	(10,411)	(961)		(11,372)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,657</u>	<u>\$ (961)</u>	<u>\$ -0-</u>	<u>\$ 15,696</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 7,438
Special Education Instruction	8,197
General Administrative Services	1,053
Operations and Maintenance of Plant	8,084
Transportation	18,375
General/Unallocated	32,360
	<u>\$ 75,507</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 7. OPERATING LEASES

The District has a commitment to lease copiers under operating leases which expires in March 2017. Total operating lease payments made during the year ended June 30, 2016 were \$19,500. There are \$4,875 in future remaining payments.

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 06/30/15	Accrued	Retired	Balance 06/30/16
Bonds Payable	\$ 960,000		\$ 200,000	\$ 760,000
Net Pension Liability	1,920,545	\$ 621,256		2,541,801
Compensated Absences Payable	174,463	25,119	9,551	190,031
ERIP Accrued Liability	97,374		15,953	81,421
	<u>\$ 3,152,382</u>	<u>\$ 646,375</u>	<u>\$ 225,504</u>	<u>\$ 3,573,253</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2016 as follows:

Final Maturity Date	Serial Bonds Interest Rate	Amount
05/01/20	4.00%	\$ 760,000
		<u>\$ 760,000</u>

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

Year Ending June 30,	Bonds		Total
	Principal	Interest	
2017	\$ 195,000	\$ 30,400	\$ 225,400
2018	195,000	30,000	225,000
2019	190,000	11,000	201,000
2020	180,000	3,600	183,600
	<u>\$ 760,000</u>	<u>\$ 75,000</u>	<u>\$ 835,000</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

A. Bonds Payable (Cont'd):

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

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

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board has no bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and the current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$190,031. There is no liability for compensated absences in the District's Enterprise Fund.

D. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$2,541,801. See Note 9 for further information on the PERS.

E. Early Retirement Incentive Program:

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

Year	Amount
2017	\$ 16,505
2018	16,229
2019	16,229
2020	16,229
2021	16,229
	\$ 81,421

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$97,348 for fiscal year 2016.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$2,541,801 for its proportionate share of the 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 July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion 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 members, actuarially determined. At June 30, 2015, the District's proportion was 0.011%, which was an increase of 0.001% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$221,672. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	6.44	\$ 54,409	
Changes in Assumptions - 2015	5.72	218,560	
Changes in Proportion - 2014	6.44	84,721	
Changes in Proportion - 2015	5.72	169,207	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		\$ 94,756
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		(53,888)
Difference Between Expected and Actual Experience - 2015	5.72	<u>60,638</u>	
		<u>\$ 587,535</u>	<u>\$ 40,868</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 53,293
2017	53,293
2018	53,293
2019	84,880
Thereafter	<u>47,981</u>
	<u>\$ 292,740</u>

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS' 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 U.S. 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. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 3,159,148	\$ 2,541,801	\$ 2,024,222

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$285,443 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,397,023.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$22,879,893. 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 July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion 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 members, actuarially determined. At June 30, 2015, the District's proportion was 0.036%, which was an increase of 0.001% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>22,879,893</u>
Total	<u>\$ 22,879,893</u>

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the District in the amount of \$1,397,023 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2015	5		(770,568,242)
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

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.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	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%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 27,191,887	\$ 22,879,884	\$ 19,164,836

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$1,133 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$2,078 for the fiscal year ended June 30, 2016.

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 Pension and Benefits issues a publically 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/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions for TPAF for the District were \$339,883, \$310,691 and \$239,949 for 2016, 2015 and 2014, respectively.

NOTE 11. DEFERRED COMPENSATION

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

- Ameriprise
- AXA Equitable
- Lincoln Investment
- MetLife

NOTE 12. RISK MANAGEMENT

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

Property, Liability and Health Benefits

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

The audit report for the fiscal year ended June 30, 2016 was not available as of the date of this report. Selected financial information for the NJSIG as of June 30, 2015 is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 294,626,089
Deferred Outflow of Resources	\$ 946,598
Net Position	\$ 57,315,326
Total Revenue	\$ 124,104,560
Total Expenses	\$ 121,185,870
Change in Net Position	\$ 2,918,690

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

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
(609) 386-6060
www.njsig.org

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015/2016	\$ 17,968	\$ 2,598	\$ 40,054
2014/2015	7,911	15,692	24,684
2013/2014	7,036	7,842	32,465

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 45,381	
Special Revenue		\$ 29,598
Proprietary Fund		15,783
	\$ 45,381	\$ 45,381

The interfund between General Fund and Special Revenue Fund represents the deficit in cash while awaiting collection of federal grant receivable in Special Revenue Fund. The interfund between the General Fund and the Proprietary Fund is related to the Food Service Fund having an excess in net cash resources, therefore transferring the excess to the General Fund.

NOTE 15. TAX CALENDAR

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

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation

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

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 376,510	\$ 488	\$ 376,998

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivable or an increase in unearned revenue.

NOTE 17. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$165,000 was established by the Boonton Township School District during the year ended June 30, 2012. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 17. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Balance at June 30, 2015	<u>\$ 350,750</u>
Balance at June 30, 2016	<u><u>\$ 350,750</u></u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

BOONTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
District's proportion of the net pension liability	0.0096148592%	0.0102578214%	0.0113230660%
District's proportionate share of the net pension liability	\$ 1,837,591	\$ 1,920,545	\$ 2,541,801
District's covered employee payroll	\$ 704,653	\$ 799,336	\$ 820,322
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	260.78%	240.27%	309.85%
Plan fiduciary net position as a percentage of the total pension liability for the local group	48.72%	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOONTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
Contractually required contribution	\$ 73,520	\$ 85,196	\$ 97,348
Contributions in relation to the contractually required contribution	<u>(73,520)</u>	<u>(85,196)</u>	<u>(97,348)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 704,653	\$ 799,336	\$ 820,322
Contributions as a percentage of covered employee payroll	10.43%	10.66%	11.87%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOONTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
State's proportion of the net pension liability attributable to the District	0.0352531249%	0.0345934377%	0.0361999168%
State's proportionate share of the net pension liability attributable to the District	\$ 17,816,652	\$ 18,489,067	\$ 22,879,884
District's covered employee payroll	\$ 3,493,986	\$ 3,453,257	\$ 3,653,694
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	509.92%	535.41%	626.21%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,459,483		\$ 12,459,483	\$ 12,459,483	
Tuition	44,116		44,116	34,089	\$ (10,027)
Interest Earned on Capital Reserve Funds	1		1		(1)
Miscellaneous	21,750		21,750	30,192	8,442
Total - Local Sources	<u>12,525,350</u>		<u>12,525,350</u>	<u>12,523,764</u>	<u>(1,586)</u>
State Sources:					
Categorical Transportation Aid	54,864		54,864	54,864	
Categorical Special Education Aid	384,201		384,201	384,201	
Categorical Security Aid	11,478		11,478	11,478	
Extraordinary Aid				200,110	200,110
Other State Aid	14,380		14,380	14,380	
Nonpublic Transportation				7,830	7,830
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				285,443	285,443
TPAF Post Retirement Medical Contributions (On-Behalf - Non-Budgeted)				339,883	339,883
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				267,122	267,122
Total State Sources	<u>464,923</u>		<u>464,923</u>	<u>1,565,311</u>	<u>1,100,388</u>
 TOTAL REVENUES	 <u>12,990,273</u>		 <u>12,990,273</u>	 <u>14,089,075</u>	 <u>1,098,802</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers		\$ 153,449	\$ 153,449	\$ 153,449	
Kindergarten - Salaries of Teachers	\$ 149,255	48,760	198,015	198,015	
Grades 1-5 - Salaries of Teachers	1,316,769	(16,056)	1,300,713	1,286,996	\$ 13,717
Grades 6-8 - Salaries of Teachers	1,155,692	(78,871)	1,076,821	1,072,729	4,092
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000	(2,000)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		179,767	179,767	179,767	
Purchased Professional-Educational Services	5,221	1,700	6,921	5,821	1,100
Other Purchased Services (400-500 series)	34,120	2,928	37,048	34,586	2,462
General Supplies	165,861	(12,225)	153,636	139,792	13,844
Textbooks	31,681	18,846	50,527	9,046	41,481
Other Objects	500		500	100	400
Total Regular Programs - Instruction	<u>2,861,099</u>	<u>296,298</u>	<u>3,157,397</u>	<u>3,080,301</u>	<u>77,096</u>
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	53,750	450	54,200	54,200	
Other Salaries for Instruction	29,447		29,447	29,447	
General Supplies	470	(252)	218	218	
Total Multiple Disabilities	<u>83,667</u>	<u>198</u>	<u>83,865</u>	<u>83,865</u>	

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 261,427	\$ (19,116)	\$ 242,311	\$ 242,311	
Other Salaries for Instruction	175,082	(25,638)	149,444	149,444	
General Supplies	2,495	6,445	8,940	8,940	
Total Resource Room/Resource Center	<u>439,004</u>	<u>(38,309)</u>	<u>400,695</u>	<u>400,695</u>	
Preschool Disabilities - Full Time:					
Salaries of Teachers	181,784	(148,073)	33,711	32,853	\$ 858
Other Salaries for Instruction	85,941	(85,941)			
General Supplies	2,196	(225)	1,971	1,961	10
Total Preschool Disabilities - Full Time	<u>269,921</u>	<u>(234,239)</u>	<u>35,682</u>	<u>34,814</u>	<u>868</u>
Total Special Education - Instruction	<u>792,592</u>	<u>(272,350)</u>	<u>520,242</u>	<u>519,374</u>	<u>868</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	86,790	1,730	88,520	88,520	
General Supplies	2,477	(1,500)	977	350	627
Total Basic Skills/Remedial - Instruction	<u>89,267</u>	<u>230</u>	<u>89,497</u>	<u>88,870</u>	<u>627</u>
Bilingual Education - Instruction:					
Salaries of Teachers	28,932	320	29,252	29,252	
Total Bilingual Education - Instruction	<u>28,932</u>	<u>320</u>	<u>29,252</u>	<u>29,252</u>	

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 29,603		\$ 29,603	\$ 29,438	\$ 165
Supplies and Materials		\$ 287	287	287	
Other Objects	200	574	774	639	135
Total School-Sponsored Cocurricular Activities - Instruction	<u>29,803</u>	<u>861</u>	<u>30,664</u>	<u>30,364</u>	<u>300</u>
School-Sponsored Athletics - Instruction:					
Salaries	37,003		37,003	36,855	148
Supplies and Materials	3,600	(100)	3,500	2,467	1,033
Other Objects	1,840		1,840	300	1,540
Transfer to Cover Deficit	8,778		8,778	5,315	3,463
Total School-Sponsored Athletics - Instruction	<u>51,221</u>	<u>(100)</u>	<u>51,121</u>	<u>44,937</u>	<u>6,184</u>
Total Instruction	<u>3,852,914</u>	<u>25,259</u>	<u>3,878,173</u>	<u>3,793,098</u>	<u>85,075</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,538,934		3,538,934	3,538,934	
Tuition to Other LEAs Within the State - Special	908,178	(25,254)	882,924	851,896	31,028
Tuition to County Vocational School District - Regular	54,000	(31,420)	22,580	20,353	2,227
Tuition to Private Schools for the Handicapped - Within State	719,777	(56,604)	663,173	617,138	46,035
Tuition to Private Schools for the Handicapped - Out of State	66,795	43,334	110,129	107,161	2,968
Tuition - Other		2,418	2,418	2,418	
Total Undistributed Expenditures - Instruction	<u>5,287,684</u>	<u>(67,526)</u>	<u>5,220,158</u>	<u>5,137,900</u>	<u>82,258</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Health Services:					
Salaries	\$ 93,365	\$ 3,900	\$ 97,265	\$ 97,265	
Purchased Professional and Technical Services	7,300	(800)	6,500	4,436	\$ 2,064
Supplies and Materials	7,132		7,132	6,563	569
Other Objects	650		650	251	399
Total Health Services	<u>108,447</u>	<u>3,100</u>	<u>111,547</u>	<u>108,515</u>	<u>3,032</u>
Speech, OT, PT & Related Services:					
Salaries	45,179		45,179	45,179	
Purchased Professional - Educational Services	93,428	21,179	114,607	86,428	28,179
Supplies and Materials	2,056	11,900	13,956	13,603	353
Total Speech, OT, PT & Related Services	<u>140,663</u>	<u>33,079</u>	<u>173,742</u>	<u>145,210</u>	<u>28,532</u>
Other Support Services - Students - Extraordinary Services:					
Other Purchased Prof & Tech Services		7,800	7,800	7,747	53
Purchased Professional - Educational Services		14,500	14,500	11,045	3,455
Total Other Support Services - Students - Extraordinary Services		<u>22,300</u>	<u>22,300</u>	<u>18,792</u>	<u>3,508</u>
Guidance:					
Salaries of Other Professional Staff	25,422	(84)	25,338	25,338	
Other Purchased Professional and Technical Services		9,269	9,269	9,269	
Supplies and Materials	3,602		3,602	1,921	1,681
Other Objects	750		750		750
Total Guidance	<u>29,774</u>	<u>9,185</u>	<u>38,959</u>	<u>36,528</u>	<u>2,431</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 181,604	\$ (20,191)	\$ 161,413	\$ 161,413	
Salaries of Secretarial and Clerical Assistants	21,924		21,924	21,924	
Purchased Professional - Educational Services	40,458	10,347	50,805	36,371	\$ 14,434
Other Purchased Professional and Technical Services	5,000	(5,000)			
Other Purchased Services (400-500 series other than resid costs)	500		500	489	11
Supplies and Materials	3,736		3,736	3,667	69
Other Objects	1,500		1,500	1,395	105
Total Child Study Teams	<u>254,722</u>	<u>(14,844)</u>	<u>239,878</u>	<u>225,259</u>	<u>14,619</u>
Improvement of Instruction Services:					
Salaries of Other Professional Staff	3,200	8,800	12,000	12,000	
Purchased Professional - Educational Services	11,200	(600)	10,600	10,508	92
Total Improvement of Instruction Services	<u>14,400</u>	<u>8,200</u>	<u>22,600</u>	<u>22,508</u>	<u>92</u>
Educational Media Services/School Library:					
Salaries	37,649	(7,411)	30,238	30,238	
Salaries of Technology Coordinators	35,966	3,000	38,966	38,966	
Other Purchased Services (400-500 series)	11,664		11,664	5,633	6,031
Supplies and Materials	9,499	5,199	14,698	13,907	791
Other Objects	100		100	73	27
Total Educational Media Services/School Library	<u>94,878</u>	<u>788</u>	<u>95,666</u>	<u>88,817</u>	<u>6,849</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 21,012		\$ 21,012	\$ 21,012	
Other Purchased Services (400-500 series)	38,035	\$ (700)	37,335	7,570	\$ 29,765
Supplies and Materials	2,681	700	3,381	3,361	20
Other Objects	800		800		800
Total Instructional Staff Training Services	62,528		62,528	31,943	30,585
Support Services - General Administration:					
Salaries	140,031		140,031	129,105	10,926
Legal Services	19,000		19,000	7,042	11,958
Audit Fees	24,000	(2,500)	21,500	21,500	
Architectural/ Engineering Services	1,900		1,900		1,900
Purchased Technical Services	9,202		9,202	8,978	224
Communications/Telephone	28,850	(9,158)	19,692	15,533	4,159
BOE Other Purchased Services	2,000		2,000	1,170	830
Miscellaneous Purchased Services (400-500) (Other than 530 & 585 Series)	30,636	2,236	32,872	29,368	3,504
General Supplies	10,551		10,551	7,186	3,365
BOE In-House Training/Meeting Supplies	2,000		2,000	1,630	370
Miscellaneous Expenditures	5,744	1,712	7,456	5,044	2,412
BOE Membership Dues and Fees	7,000		7,000	6,503	497
Total Support Services - General Administration	280,914	(7,710)	273,204	233,059	40,145

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	\$ 161,673		\$ 161,673	\$ 151,548	\$ 10,125
Salaries of Other Professional Staff	12,058		12,058	9,739	2,319
Salaries of Secretarial and Clerical Assistants	55,932	\$ 1,750	57,682	57,515	167
Other Purchased Services (400-500 series)	5,027		5,027	2,926	2,101
Supplies and Materials	6,853	(1,954)	4,899	4,023	876
Other Objects	2,250	204	2,454	1,871	583
Total Support Services - School Administration	<u>243,793</u>		<u>243,793</u>	<u>227,622</u>	<u>16,171</u>
Central Services:					
Salaries	168,750	204	168,954	168,954	
Miscellaneous Purchased Services (400-500 Series)	9,860	5,123	14,983	14,119	864
Supplies and Materials	4,500	(1,996)	2,504	2,504	
Miscellaneous Expenditures	4,000	300	4,300	4,259	41
Total Central Services	<u>187,110</u>	<u>3,631</u>	<u>190,741</u>	<u>189,836</u>	<u>905</u>
Administration Information Technology:					
Salaries	23,978	2,000	25,978	25,978	
Purchased Technical Services	15,000	(14,800)	200	200	
Cleaning, Repair and Maintenance Services		3,977	3,977	1,391	2,586
Other Purchased Services (400-500 series)	12,577	(577)	12,000	11,789	211
Supplies and Materials	3,603	500	4,103	3,837	266
Other Objects	6,000	(2,600)	3,400	525	2,875
Total Administration Information Technology	<u>61,158</u>	<u>(11,500)</u>	<u>49,658</u>	<u>43,720</u>	<u>5,938</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Required Maintenance for School Facilities:					
Salaries	\$ 50,663		\$ 50,663	\$ 50,663	
Cleaning, Repair and Maintenance Services	89,405	\$ 151,395	240,800	98,940	\$ 141,860
General Supplies	24,301		24,301	18,879	5,422
Total Required Maintenance for School Facilities	<u>164,369</u>	<u>151,395</u>	<u>315,764</u>	<u>168,482</u>	<u>147,282</u>
Custodial Services:					
Salaries	256,044	1,336	257,380	246,223	11,157
Purchased Professional and Technical Services	7,000	(1,200)	5,800	2,198	3,602
Cleaning, Repair and Maintenance Services	68,198	(8,155)	60,043	48,860	11,183
Other Purchased Property Services	5,200	266	5,466	5,466	
Insurance	32,600	(785)	31,815	30,928	887
Miscellaneous Purchased Services	450		450	173	277
General Supplies	27,595		27,595	22,546	5,049
Energy (Electricity)	77,120	(7,000)	70,120	55,989	14,131
Other Objects	700		700	80	620
Energy (Natural Gas)	70,000	(7,685)	62,315	39,742	22,573
Total Custodial Services	<u>544,907</u>	<u>(23,223)</u>	<u>521,684</u>	<u>452,205</u>	<u>69,479</u>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	22,987	1,727	24,714	24,714	
Total Care and Upkeep of Grounds	<u>22,987</u>	<u>1,727</u>	<u>24,714</u>	<u>24,714</u>	

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries (Between Home & School) - Regular	\$ 42,327	\$ 692	\$ 43,019	\$ 43,019	
Salaries (Between Home & School) - Special Education	4,459		4,459	3,459	\$ 1,000
Salaries (Other Than Between Home & School)	10,000		10,000	3,764	6,236
Cleaning, Repair and Maintenance Services	5,000	1,400	6,400	5,106	1,294
Contracted Services:					
Between Home & School - Vendors	213,535	(1,076)	212,459	208,795	3,664
Other Than Between Home & School - Vendors	6,000	8,487	14,487	14,487	
Special Education Students - Vendors	15,000	4,476	19,476	19,476	
Regular Students - ESCs & CTSA's	44,000		44,000	17,436	26,564
Special Education Students - ESC's & CTSA's	215,000		215,000	197,710	17,290
Aid in Lieu of Payments - Non Public School	54,000	(7,950)	46,050	35,360	10,690
Miscellaneous Purchased Services - Transportation	4,000		4,000	1,203	2,797
General Supplies	7,000	100	7,100	3,553	3,547
Other Objects	900	(100)	800	135	665
Total Student Transportation Services	<u>621,221</u>	<u>6,029</u>	<u>627,250</u>	<u>553,503</u>	<u>73,747</u>
Unallocated Benefits:					
Social Security Contributions	80,440	10,534	90,974	90,974	
TPAF Contributions - ERIP	17,000	(1,047)	15,953	15,953	
Other Retirement Contributions - PERS	103,188	(5,840)	97,348	97,348	
Other Retirement Contributions - Regular	1,800		1,800	1,133	667
Unemployment Compensation	10,000	(10,000)			
Workmen's Compensation	42,000		42,000	31,500	10,500
Health Benefits	1,251,815	31,434	1,283,249	1,264,429	18,820

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Unallocated Benefits:					
Tuition Reimbursement	\$ 27,500	\$ (600)	\$ 26,900	\$ 14,939	\$ 11,961
Other Employee Benefits	29,900	19,228	49,128	46,179	2,949
Total Unallocated Benefits	<u>1,563,643</u>	<u>43,709</u>	<u>1,607,352</u>	<u>1,562,455</u>	<u>44,897</u>
TPAF Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				285,443	(285,443)
TPAF Post Retirement Medical Contributions (On-Behalf - Non-Budgeted)				339,883	(339,883)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				267,122	(267,122)
Total TPAF Contributions				<u>892,448</u>	<u>(892,448)</u>
Total Personal Services - Employee Benefits	<u>1,563,643</u>	<u>43,709</u>	<u>1,607,352</u>	<u>2,454,903</u>	<u>(847,551)</u>
Total Undistributed Expenses	<u>9,683,198</u>	<u>158,340</u>	<u>9,841,538</u>	<u>10,163,516</u>	<u>(321,978)</u>
Total Expenditures - Current Expense	<u>13,536,112</u>	<u>183,599</u>	<u>13,719,711</u>	<u>13,956,614</u>	<u>(236,903)</u>
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction	14,499	2,729	17,228	16,658	570
Central Services	5,398	282	5,680	5,680	
Admin Info Technology		5,398	5,398	5,398	
Required Maintenance for School Facilities		2,590	2,590	2,590	
Total Equipment	<u>19,897</u>	<u>10,999</u>	<u>30,896</u>	<u>30,326</u>	<u>570</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service	\$ 868		\$ 868	\$ 868	
Total Facilities Acquisition and Construction Services	<u>868</u>		<u>868</u>	<u>868</u>	
 Total Capital Outlay	 <u>20,765</u>	 <u>\$ 10,999</u>	 <u>31,764</u>	 <u>31,194</u>	 <u>\$ 570</u>
 TOTAL EXPENDITURES	 <u>13,556,877</u>	 <u>194,598</u>	 <u>13,751,475</u>	 <u>13,987,808</u>	 <u>(236,333)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(566,604)</u>	 <u>(194,598)</u>	 <u>(761,202)</u>	 <u>101,267</u>	 <u>862,469</u>
 Fund Balance, July 1	 <u>1,777,483</u>		 <u>1,777,483</u>	 <u>1,777,483</u>	
 Fund Balance, June 30	 <u>\$ 1,210,879</u>	 <u>\$ (194,598)</u>	 <u>\$ 1,016,281</u>	 <u>\$ 1,878,750</u>	 <u>\$ 862,469</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Recapitulation:

Restricted:	
Capital Reserve	\$ 348,445
Maintenance Reserve	350,750
Excess Surplus	
Excess Surplus - Subsequent Year's Expenditures	62,291
Assigned:	
Designated for Subsequent Year's Expenditures	376,510
Year-End Encumbrances	313,278
Unassigned:	
Fund Balance	<u>427,476</u>
	1,878,750
Reconciliation to Governmental Funds Statement (GAAP):	
Last Two State Aid Payments not Recognized on GAAP Basis	<u>(68,674)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 1,810,076</u></u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 111,312	\$ 23,456	\$ 134,768	\$ 134,768	
Local Sources		4,000	4,000	4,000	
Total Revenues	<u>111,312</u>	<u>27,456</u>	<u>138,768</u>	<u>138,768</u>	
EXPENDITURES:					
Instruction					
Tuition	99,244	17,608	116,852	116,852	
General Supplies		3,830	3,830	3,830	
Total Instruction	<u>99,244</u>	<u>21,438</u>	<u>120,682</u>	<u>120,682</u>	
Support Services					
Salaries		5,672	5,672	5,672	
Personal Services - Employee Benefits	434		434	434	
Purchased Professional Educational Services	4,137	3,798	7,935	7,935	
Other Purchased Professional and Technical Services	1,825	928	2,753	2,753	
Supplies and Materials	5,672	(4,380)	1,292	1,292	
Total Support Services	<u>12,068</u>	<u>6,018</u>	<u>18,086</u>	<u>18,086</u>	
Total Expenditures	<u>111,312</u>	<u>27,456</u>	<u>138,768</u>	<u>138,768</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Exhibit C-3

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,089,075	\$ 138,768
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas GAAP does not		(488)
Current Year Encumbrances		(488)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	36,583	
Current Year State Aid Payments Recognized for Budgetary Statements, not Recognized for GAAP Statements	(68,674)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 \$ 14,056,984	 \$ 138,280
 Uses/Outflows of Resources		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,987,808	\$ 138,768
Differences - Budget to GAAP:		
Encumbrances Ordered but not Received are Reported in the Year the Order is Place for Budgetary Purposes, but in the Year they are Received for Financial Reporting Purposes.		(488)
Current Year Encumbrances		(488)
 Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 \$ 13,987,808	 \$ 138,280

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE)

SPECIAL REVENUE FUND

BOONTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Sustainable Jersey for School Health & Wellness Grant	NCLB Consolidated Grants Title I- Part A	NCLB Consolidated Grants Title II- Part A	IDEA, Part B Basic	IDEA, Part B Preschool	Totals June 30, 2016
REVENUES						
State Sources	\$ 4,000					\$ 4,000
Federal Sources		\$ 3,830	\$ 9,151	\$ 116,852	\$ 4,935	134,768
Total Revenues	<u>4,000</u>	<u>3,830</u>	<u>9,151</u>	<u>116,852</u>	<u>4,935</u>	<u>138,768</u>
EXPENDITURES:						
Instruction:						
Tuition				116,852		116,852
General Supplies		3,830				3,830
Total Instruction		<u>3,830</u>		<u>116,852</u>		<u>120,682</u>
Support Services:						
Salaries			5,672			5,672
Personal Services - Employee Benefits			434			434
Purchased Professional Educational Services			3,000		4,935	7,935
Other Purchased Professional and Technical Services	2,708		45			2,753
Supplies and Materials	1,292					1,292
Total Support Services	<u>4,000</u>		<u>9,151</u>		<u>4,935</u>	<u>18,086</u>
Total Expenditures	<u>\$ 4,000</u>	<u>\$ 3,830</u>	<u>\$ 9,151</u>	<u>\$ 116,852</u>	<u>\$ 4,935</u>	<u>\$ 138,768</u>

CAPITAL PROJECTS FUND

(NOT APPLICABLE)

PROPRIETARY FUNDS

Exhibit G-1

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 18,988
	<hr/>
Total Current Assets	18,988
	<hr/>
Non-Current Assets:	
Capital Assets	27,068
Accumulated Depreciation	(11,372)
	<hr/>
Total Non-Current Assets	15,696
	<hr/>
Total Assets	34,684
	<hr/>

LIABILITIES:

Current Liabilities:	
Interfund Payable	15,783
	<hr/>
Total Current Liabilities	15,783
	<hr/>

NET POSITION:

Net Investment in Capital Assets	15,696
Unrestricted	3,205
	<hr/>
Total Net Position	\$ 18,901
	<hr/> <hr/>

Exhibit G-2

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating Revenue:	
Local Sources:	
Daily Sales:	\$ 6,924
Special Milk Program	<u>6,924</u>
Total Operating Revenue	<u>6,924</u>
Operating Expenses:	
Cost of Sales	10,683
Depreciation	<u>961</u>
Total Operating Expenses	<u>11,644</u>
Operating Transfer Out - General Fund	<u>(15,783)</u>
Change in Net Position	<u>(20,503)</u>
Net Position - Beginning of Year	<u>39,404</u>
Net Position - End of Year	<u><u>\$ 18,901</u></u>

Exhibit G-3

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 6,924
Payments to Suppliers	<u>(10,683)</u>
Net Cash used for Operating Activities	<u>(3,759)</u>
Net Decrease in Cash and Cash Equivalents	(3,759)
Cash and Cash Equivalents, July 1	<u>22,747</u>
Cash and Cash Equivalents, June 30	<u>\$ 18,988</u>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (4,720)
Adjustment to Reconcile Operating Income to	
Cash Used for Operating Loss:	
Depreciation	<u>961</u>
Net Cash used for Operating Activities	<u>\$ (3,759)</u>

FIDUCIARY FUNDS

BOONTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
ASSETS:						
Cash and Cash Equivalents	\$ 46,043	\$ 72,774	\$ 118,817	\$ 40,054	\$ 3,122	\$ 161,993
Total Assets	<u>46,043</u>	<u>72,774</u>	<u>118,817</u>	<u>40,054</u>	<u>3,122</u>	<u>161,993</u>
LIABILITIES:						
Payroll Deductions and Withholdings Due to Student Groups	46,043	72,774	72,774			72,774
	<u>46,043</u>	<u>72,774</u>	<u>46,043</u>			<u>46,043</u>
Total Liabilities	<u>46,043</u>	<u>72,774</u>	<u>118,817</u>			<u>118,817</u>
NET POSITION:						
Held in Trust for Unemployment Claims				40,054		40,054
Restricted for Flexible Spending Claims					3,122	3,122
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 40,054</u>	<u>\$ 3,122</u>	<u>\$ 43,176</u>

Exhibit H-2

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

	Unemployment Compensation Trust	Flexible Spending Trust	Totals
ADDITIONS:			
Contributions:			
Plan Members	\$ 17,954	\$ 17,678	\$ 35,632
Other		4,011	4,011
Total Contributions	<u>17,954</u>	<u>21,689</u>	<u>39,643</u>
Investment Earnings:			
Interest	<u>14</u>		<u>14</u>
Net Investment Earnings	<u>14</u>		<u>14</u>
Total Additions	<u>17,968</u>	<u>21,689</u>	<u>17,968</u>
DEDUCTIONS:			
Unemployment Compensation Claims	2,598		2,598
Flexible Spending Claims		18,690	18,690
Other Expenses		<u>2,936</u>	<u>2,936</u>
Total Deductions	<u>2,598</u>	<u>21,626</u>	<u>24,224</u>
Change in Net Position	15,370	63	15,433
Net Position—Beginning of the Year	<u>24,684</u>	<u>3,059</u>	<u>27,743</u>
Net Position—End of the Year	<u>\$ 40,054</u>	<u>\$ 3,122</u>	<u>\$ 43,176</u>

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 47,099	\$ 103,581	\$ 104,637	\$ 46,043
Total Assets	<u>\$ 47,099</u>	<u>\$ 103,581</u>	<u>\$ 104,637</u>	<u>\$ 46,043</u>
 LIABILITIES:				
Liabilities:				
Due to Student Groups	\$ 47,099	\$ 103,581	\$ 104,637	\$ 46,043
Total Liabilities	<u>\$ 47,099</u>	<u>\$ 103,581</u>	<u>\$ 104,637</u>	<u>\$ 46,043</u>

Exhibit H-4

BOONTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Student Activities	\$ 30,491	\$ 37,169	\$ 37,615	\$ 30,045
Athletic Accounts	11,220	21,610	23,394	9,436
8th Grade Account	<u>5,388</u>	<u>44,802</u>	<u>43,628</u>	<u>6,562</u>
Total All Funds	<u>\$ 47,099</u>	<u>\$ 103,581</u>	<u>\$ 104,637</u>	<u>\$ 46,043</u>

Exhibit H-5

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 70,742	\$ 5,450,172	\$ 5,448,140	\$ 72,774
Total Assets	<u>\$ 70,742</u>	<u>\$ 5,450,172</u>	<u>\$ 5,448,140</u>	<u>\$ 72,774</u>
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ 70,742	\$ 2,404,052	\$ 2,402,020	\$ 72,774
Net Payroll		<u>3,046,120</u>	<u>3,046,120</u>	
Total Liabilities	<u>\$ 70,742</u>	<u>\$ 5,450,172</u>	<u>\$ 5,448,140</u>	<u>\$ 72,774</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2016		Interest Rate	Balance July 1, 2015	Matured	Balance June 30, 2016
			Date	Amount				
Refunding Bonds of 2005	11/01/2005	\$ 1,990,000	05/01/2017	\$ 195,000	4.000%	\$ 960,000	\$ 200,000	\$ 760,000
			05/01/2018	195,000	4.000%			
			05/01/2019	190,000	4.000%			
			05/01/2020	180,000	4.000%			
						<u>\$ 960,000</u>	<u>\$ 200,000</u>	<u>\$ 760,000</u>
						<u>\$ 960,000</u>	<u>\$ 200,000</u>	<u>\$ 760,000</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 181,430		\$ 181,430	\$ 181,430	
State Sources:					
Debt Service Aid Type II	56,970		56,970	56,970	
Total Revenues	<u>238,400</u>		<u>238,400</u>	<u>238,400</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	38,400		38,400	38,400	
Redemption of Principal	200,000		200,000	200,000	
Total Regular Debt Service	<u>238,400</u>		<u>238,400</u>	<u>238,400</u>	
Total Expenditures	<u>238,400</u>		<u>238,400</u>	<u>238,400</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-0-	\$ - 0 -	-0-	-0-	\$ - 0 -
Fund Balance, July 1	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Invested in Capital Assets,										
Net of Related Debt/(Deficit)	\$ 64,182	\$ 125,197	\$ (1,940,895)	\$ (1,808,707)	\$ (1,574,638)	\$ (1,395,119)	\$ (1,093,396)	\$ (877,219)	\$ (654,042)	\$ (499,372)
Restricted	475,871	250,731	162,057	202,767	318,345	515,283	459,255	731,686	901,550	761,486
Unrestricted/(Deficit)	(198,216)	43,840	(54,792)	(64,138)	175,381	456,578	426,991	(1,368,767)	(1,303,292)	(1,217,996)
Total Governmental Activities Net Position/(Deficit)	<u>\$ 341,837</u>	<u>\$ 419,768</u>	<u>\$ (1,833,630)</u>	<u>\$ (1,670,078)</u>	<u>\$ (1,080,912)</u>	<u>\$ (423,258)</u>	<u>\$ (207,150)</u>	<u>\$ (1,514,300)</u>	<u>\$ (1,055,784)</u>	<u>\$ (955,882)</u>
Business-Type Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ 2,201	\$ 1,710	\$ 1,256	\$ 821	\$ 410	\$ 15,161	\$ 14,377	\$ 17,618	\$ 16,657	\$ 15,696
Unrestricted	32,575	33,695	35,282	41,768	38,001	27,104	30,656	30,078	22,747	3,205
Total Business-Type Activities Net Position	<u>\$ 34,776</u>	<u>\$ 35,405</u>	<u>\$ 36,538</u>	<u>\$ 42,589</u>	<u>\$ 38,411</u>	<u>\$ 42,265</u>	<u>\$ 45,033</u>	<u>\$ 47,696</u>	<u>\$ 39,404</u>	<u>\$ 18,901</u>
District-wide										
Invested in Capital Assets,										
Net of Related Debt/(Deficit)	\$ 66,383	\$ 126,907	\$ (1,939,639)	\$ (1,807,886)	\$ (1,574,228)	\$ (1,379,958)	\$ (1,079,019)	\$ (859,601)	\$ (637,385)	\$ (483,676)
Restricted	475,871	250,731	162,057	202,767	318,345	515,283	459,255	731,686	901,550	761,486
Unrestricted/(Deficit)	(165,641)	77,535	(19,510)	(22,370)	213,382	483,682	457,647	(1,338,689)	(1,280,545)	(1,214,791)
Total District Net Position/(Deficit)	<u>\$ 376,613</u>	<u>\$ 455,173</u>	<u>\$ (1,797,092)</u>	<u>\$ (1,627,489)</u>	<u>\$ (1,042,501)</u>	<u>\$ (380,993)</u>	<u>\$ (162,117)</u>	<u>\$ (1,466,604)</u>	<u>\$ (1,016,380)</u>	<u>\$ (936,981)</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 3,411,560	\$ 3,525,489	\$ 3,461,816	\$ 3,643,447	\$ 3,694,191	\$ 3,780,572	\$ 4,330,742	\$ 4,111,012	\$ 4,648,650	\$ 5,409,429
Special Education	986,973	874,225	862,649	740,043	688,188	838,247	783,085	1,217,404	1,447,043	1,063,179
Other Special Education	168,835	157,017	85,521	110,153	119,726	157,340	174,257	115,393	200,686	216,423
Other Instruction	100,274	129,604	120,573	105,914	89,705	97,572	102,106	112,891	133,317	128,000
Support Services:										
Tuition	3,542,528	3,950,465	4,329,429	4,857,452	4,770,992	4,683,915	4,841,361	4,712,162	4,769,617	5,137,900
Student and Instruction Related Services	855,848	877,505	878,069	670,741	681,365	747,135	927,397	803,652	883,564	973,397
General Administrative Services	338,292	338,123	340,486	279,715	296,719	263,243	286,197	268,081	295,176	289,630
School Administrative Services	257,393	272,356	291,649	370,172	368,135	328,005	341,420	343,051	434,209	391,927
Central Services	256,044	184,382	193,987	207,725	208,352	220,126	226,173	235,041	234,881	284,745
Administration Information Technology		62,064	49,898	57,050	38,904	44,455	56,531	45,660	52,025	58,313
Plant Operations and Maintenance	745,739	807,337	914,540	641,801	671,785	687,493	679,598	739,682	764,981	820,522
Pupil Transportation	532,219	598,319	621,057	568,776	455,069	541,214	602,174	632,070	617,890	600,101
Unallocated Depreciation	39,523	17,799	2,311,471	73,484	73,484	69,419	45,284	44,844	30,579	32,360
Charter Schools	4,306	4,478	9,686							
Capital Outlay					16,482	172	6,900	867	868	1,017
Interest on Long-Term Debt	184,135	171,927	164,384	149,927	101,407	89,875	77,963	64,314	50,018	38,400
Total Governmental Activities Expenses	<u>11,423,669</u>	<u>11,971,090</u>	<u>14,635,215</u>	<u>12,476,400</u>	<u>12,274,504</u>	<u>12,548,783</u>	<u>13,481,188</u>	<u>13,446,124</u>	<u>14,563,504</u>	<u>15,445,343</u>
Business-Type Activities:										
Food Service	8,944	9,487	12,780	8,533	18,814	8,474	7,708	6,890	15,980	11,644
Total Business-Type Activities Expense	<u>8,944</u>	<u>9,487</u>	<u>12,780</u>	<u>8,533</u>	<u>18,814</u>	<u>8,474</u>	<u>7,708</u>	<u>6,890</u>	<u>15,980</u>	<u>11,644</u>
Total District Expenses	<u>\$ 11,432,613</u>	<u>\$ 11,980,577</u>	<u>\$ 14,647,995</u>	<u>\$ 12,484,933</u>	<u>\$ 12,293,318</u>	<u>\$ 12,557,257</u>	<u>\$ 13,488,896</u>	<u>\$ 13,453,014</u>	<u>\$ 14,579,484</u>	<u>\$ 15,456,987</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	\$ 96,059									
Operating Grants and Contributions	1,523,316	\$ 1,616,616	\$ 1,497,023	\$ 1,593,199	\$ 1,174,124	\$ 1,294,688	\$ 1,553,539	\$ 1,448,865	\$ 2,436,503	\$ 2,759,007
Total Governmental Activities Program Revenues	1,619,375	1,616,616	1,497,023	1,593,199	1,174,124	1,294,688	1,553,539	1,448,865	2,436,503	2,759,007
Business-Type Activities:										
Charges for Services:										
Food Service	10,838	10,116	13,913	14,584	14,636	12,328	10,476	9,553	7,688	6,924
Total Business-Type Activities Program Revenues	10,838	10,116	13,913	14,584	14,636	12,328	10,476	9,553	7,688	6,924
Total District Program Revenues	\$ 1,630,213	\$ 1,626,732	\$ 1,510,936	\$ 1,607,783	\$ 1,188,760	\$ 1,307,016	\$ 1,564,015	\$ 1,458,418	\$ 2,444,191	\$ 2,765,931
Net (Expense)/Revenue:										
Governmental Activities	\$ (9,804,294)	\$ (10,354,474)	\$ (13,138,192)	\$ (10,883,201)	\$ (11,100,380)	\$ (11,254,095)	\$ (11,927,649)	\$ (11,997,259)	\$ (12,127,001)	\$ (12,686,336)
Business-Type Activities	1,894	629	1,133	6,051	(4,178)	3,854	2,768	2,663	(8,292)	(4,720)
Total District-Wide Net Expense	\$ (9,802,400)	\$ (10,353,845)	\$ (13,137,059)	\$ (10,877,150)	\$ (11,104,558)	\$ (11,250,241)	\$ (11,924,881)	\$ (11,994,596)	\$ (12,135,293)	\$ (12,691,056)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 9,732,135	\$ 10,001,370	\$ 10,487,689	\$ 10,644,682	\$ 11,230,140	\$ 11,510,636	\$ 11,740,849	\$ 11,975,666	\$ 12,215,179	\$ 12,459,483
Taxes Levied for Debt Service	300,989	293,324	295,422	293,121	308,589	298,581	300,904	293,043	278,898	181,430
Unrestricted Grants and Contributions	73,260	73,785	73,274	72,226	62,818	61,793	62,059	61,271	73,500	81,044
Investment Earnings	2,518	500	500	100	13	66	16	1	136	
Miscellaneous Income	97,856	63,426	27,909	36,624	87,986	40,673	39,929	197,719	17,804	64,281
Total Governmental Activities	10,206,758	10,432,405	10,884,794	11,046,753	11,689,546	11,911,749	12,143,757	12,527,700	12,585,517	12,786,238
Business-Type Activities:										
Unrestricted Grants and Contributions										(15,783)
Total Business-Type Activities										(15,783)
Total District-Wide	\$ 10,206,758	\$ 10,432,405	\$ 10,884,794	\$ 11,046,753	\$ 11,689,546	\$ 11,911,749	\$ 12,143,757	\$ 12,527,700	\$ 12,585,517	\$ 12,770,455
Change in Net Position:										
Governmental Activities	\$ 402,464	\$ 77,931	\$ (2,253,398)	\$ 163,552	\$ 589,166	\$ 657,654	\$ 216,108	\$ 530,441	\$ 458,516	\$ 99,902
Business-Type Activities	1,894	629	1,133	6,051	(4,178)	3,854	2,768	2,663	(8,292)	(20,503)
Total District	\$ 404,358	\$ 78,560	\$ (2,252,265)	\$ 169,603	\$ 584,988	\$ 661,508	\$ 218,876	\$ 533,104	\$ 450,224	\$ 79,399

Source: School District Financial Reports

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved/Restricted	\$ 534,936	\$ 250,730	\$ 162,056	\$ 202,744	\$ 246,833	\$ 515,283	\$ 459,255	\$ 731,686	\$ 901,550	\$ 761,486
Assigned					221,489	550,447	371,495	372,172	426,541	689,788
Unassigned					432,326	272,034	393,024	389,611	412,809	358,802
Unreserved	<u>212,460</u>	<u>362,779</u>	<u>435,799</u>	<u>371,351</u>						
Total General Fund	<u>\$ 747,396</u>	<u>\$ 613,509</u>	<u>\$ 597,855</u>	<u>\$ 574,095</u>	<u>\$ 900,648</u>	<u>\$ 1,337,764</u>	<u>\$ 1,223,774</u>	<u>\$ 1,493,469</u>	<u>\$ 1,740,900</u>	<u>\$ 1,810,076</u>
All Other Governmental Funds										
Reserved/Restricted					\$ 23					
Unreserved, Reported in:										
Debt Service Fund	<u>\$ 5,242</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 23</u>						
Total All Other Governmental Funds	<u>\$ 5,242</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 23</u>	<u>\$ 23</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 10,033,124	\$ 10,294,694	\$ 10,783,111	\$ 10,937,803	\$ 11,538,729	\$ 11,809,217	\$ 12,041,753	\$ 12,268,709	\$ 12,494,077	\$ 12,640,913
Tuition Charges	96,059					5,542	14,000	168,744	86,990	34,089
Interest Earnings	2,518	500	500	100	13	66	16	120	136	
Miscellaneous	97,856	63,426	27,909	36,602	87,986	35,131	25,929	28,856	17,804	30,192
State Sources	1,434,375	1,525,564	1,401,152	1,408,202	946,028	1,181,435	1,447,881	1,344,354	1,489,077	1,590,190
Federal Sources	162,201	164,837	169,145	257,223	290,914	175,046	167,717	165,782	134,761	138,280
Total Revenue	11,826,133	12,049,021	12,381,817	12,639,930	12,863,670	13,206,437	13,697,296	13,976,565	14,222,845	14,433,664
Expenditures:										
Instruction										
Regular Instruction	2,428,430	2,489,169	2,601,525	2,647,095	2,612,338	2,637,653	2,997,596	2,903,012	2,846,813	3,096,794
Special Education Instruction	742,333	634,128	671,401	566,687	499,776	624,491	519,732	875,062	895,458	641,161
Other Special Instruction	114,054	105,426	62,487	79,109	83,415	108,524	115,972	78,415	116,951	118,122
Other Instruction	82,007	91,036	89,936	79,065	64,728	70,638	73,282	79,579	84,430	75,301
Support Services:										
Tuition	3,542,528	3,950,465	4,329,429	4,857,452	4,770,992	4,683,915	4,841,361	4,712,162	4,769,617	5,137,900
Student and Instruction Related Services	640,098	702,863	698,932	566,764	551,169	608,901	760,524	667,572	704,282	677,572
General Administrative Services	316,504	316,114	330,849	255,974	249,479	228,752	248,192	227,529	250,238	233,059
School Administrative Services	184,199	187,838	217,138	270,972	263,420	228,500	229,120	233,923	260,489	227,622
Central Services	191,869	150,105	162,103	171,609	167,006	176,029	179,147	187,172	186,035	189,836
Administration Information Technology		54,021	44,350	52,022	33,132	38,255	49,845	38,848	45,084	43,720
Plant Operations and Maintenance	610,675	680,090	644,449	579,920	600,048	608,143	591,972	646,794	666,152	645,401
Pupil Transportation	528,599	592,047	610,932	543,004	439,147	509,755	569,005	598,999	584,745	553,503
Unallocated Benefits	1,807,267	1,824,878	1,500,265	1,584,309	1,732,699	1,845,926	2,142,031	2,089,313	2,217,331	2,454,903

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenditures: (Cont'd)										
Capital Outlay	\$ 39,523	\$ 34,164	\$ 176,293	\$ 44,361	\$ 98,361	\$ 39,987	\$ 130,544	\$ 14,176	\$ 9,771	\$ 31,194
Charter Schools	4,306	4,478	9,686							
Debt Service:										
Principal	220,000	230,000	240,000	250,000	270,000	270,000	285,000	290,000	288,000	200,000
Interest and Other Charges	153,535	141,327	128,696	115,347	101,407	89,875	77,963	64,314	50,018	38,400
Total Expenditures	<u>11,607,934</u>	<u>12,190,157</u>	<u>12,518,471</u>	<u>12,663,690</u>	<u>12,537,117</u>	<u>12,769,344</u>	<u>13,811,286</u>	<u>13,706,870</u>	<u>13,975,414</u>	<u>14,364,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>218,199</u>	<u>(141,136)</u>	<u>(136,654)</u>	<u>(23,760)</u>	<u>326,553</u>	<u>437,093</u>	<u>(113,990)</u>	<u>269,695</u>	<u>247,431</u>	<u>69,176</u>
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)			121,000							
Excess Proceeds from Retirement of Debt				22						
Total Other Financing Sources (Uses)			<u>121,000</u>	<u>22</u>						
Net Change in Fund Balances	<u>\$ 218,199</u>	<u>\$ (141,136)</u>	<u>\$ (15,654)</u>	<u>\$ (23,738)</u>	<u>\$ 326,553</u>	<u>\$ 437,093</u>	<u>\$ (113,990)</u>	<u>\$ 269,695</u>	<u>\$ 247,431</u>	<u>\$ 69,176</u>
Debt Service as a Percentage of Noncapital Expenditures	3.23 %	3.05 %	2.99 %	2.90 %	2.99 %	2.83 %	2.65 %	2.59 %	2.42 %	1.66 %

Source: School District Financial Reports

Exhibit J-5

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
2007	\$ 67,076	\$ 96,059	\$ 33,298	\$ 196,433
2008	48,135		15,291	63,426
2009	9,542		18,367	27,909
2010	617	19,031	16,954	36,602
2011	110	12,877	74,999	87,986
2012	66	20,138	20,535	40,739
2013	16	14,000	25,929	39,945
2014	120	168,744	28,856	197,720
2015	136	86,990	17,804	104,930
2016		34,089	30,192	64,281

Source: Boonton Township School District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	\$ 12,281,800	\$ 471,876,321	\$ 12,336,700	\$ 337,700	\$ 8,049,800	\$ 9,487,200	\$ 183,800	\$ 514,553,321	\$ 46,578,779	\$ 566,000	\$ 515,119,321	\$ 1.87	\$ 835,412,201
2006	10,874,700	481,795,295	11,916,000	279,700	8,050,200	9,487,200	183,800	522,586,895	47,194,979	471,378	523,058,273	1.89	940,967,402
* 2007	29,126,600	1,049,570,100	23,985,000	264,400	16,901,200	18,460,900	571,000	1,138,879,200	78,510,000	912,981	1,139,792,181	0.89	1,066,429,005
2008	27,245,200	1,050,841,100	24,936,100	257,400	16,901,200	18,460,900	571,000	1,139,212,900	81,940,900	959,168	1,140,172,068	0.95	1,099,395,626
2009	23,894,100	1,052,547,600	24,066,000	258,200	16,697,700	18,168,900	571,000	1,136,203,500	82,700,000	1,112,082	1,137,315,582	0.95	1,100,787,205
* 2010	17,802,300	895,958,000	22,097,600	253,000	15,475,400	14,311,400	496,800	966,394,500	75,975,900	1,206,835	967,601,335	1.16	1,080,125,540
2011	16,754,000	895,851,300	22,286,500	253,000	15,475,400	14,061,400	496,800	965,178,400	76,600,700	914,199	966,092,599	1.16	1,018,768,215
2012	16,713,900	893,580,300	22,089,700	244,500	15,475,400	14,061,400	496,800	962,662,000	76,600,700	914,199	966,092,599	1.16	1,018,768,215
2013	15,926,100	890,011,900	22,249,900	234,200	14,962,400	14,061,400	496,800	957,942,700	78,834,500		957,942,700	1.16	954,418,176
* 2014	12,736,700	791,081,700	19,328,000	233,100	13,771,500	12,342,400		849,493,400	71,896,700		849,493,400	1.46	927,103,178
2015	11,143,400	793,744,500	20,393,000	240,500	13,771,500	12,342,400		851,635,300	71,985,500		851,635,300	1.46	925,140,690

* Revaluation of Real Property.

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

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	Boonton Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Boonton	Morris County	
2005	\$ 1.81	\$ 0.06	\$ 1.87	\$ 0.49	\$ 0.44	\$ 2.80
2006	1.83	0.06	1.89	0.52	0.46	2.87
2007	* 0.86	0.03	0.89	0.27	0.22	1.38
2008	0.92	0.03	0.95	0.27	0.18	1.41
2009	0.92	0.03	0.95	0.29	0.22	1.46
2010	* 1.13	0.03	1.16	0.36	0.25	1.78
2011	1.13	0.03	1.16	0.35	0.25	1.76
2012	1.13	0.03	1.16	0.38	0.25	1.79
2013	1.13	0.03	1.16	0.39	0.25	1.80
2014	* 1.43	0.03	1.46	0.45	0.28	2.18
2015	1.44	0.02	1.46	0.44	0.27	2.17

* Revaluation of Real Property.

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

Taxpayer	2015		Taxpayer	2006	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Prime Healthcare Services	\$ 15,260,500	1.80 %	Witman At Stonehenge LLC	\$ 9,791,100	1.66 %
199 Powerville Road LLC	7,901,600	0.93 %	Merry-Heart-Sarah Frances LLC	9,125,600	1.60 %
KIJ MGT LLC	4,720,300	0.56 %	MSM Boonton & Shamrock Village	7,075,200	1.27 %
RFL Electronics Inc.	3,923,100	0.46 %	RFL Electronics Inc.	5,292,000	0.90 %
Witman At Stonhenge LLC	3,717,200	0.44 %	Individual Taxpayer #1	5,257,400	0.89 %
Individual Taxpayer #1	2,543,200	0.30 %	Johanson Associates	4,790,400	0.61 %
Johanson Associates	2,109,000	0.25 %	Individual Taxpayer #2	4,213,900	0.59 %
Deer Lake Club	2,013,600	0.24 %	Individual Taxpayer #3	3,846,700	0.59 %
Individual Taxpayer #2	1,992,500	0.23 %	Individual Taxpayer #4	3,430,200	0.53 %
Individual Taxpayer #3	1,972,500	0.23 %	Individual Taxpayer #5	3,381,700	0.53 %
Total	\$ 46,153,500	5.43 %	Total	\$ 56,204,200	4.65 %

Note : Individual Taxpayers listed may be different in 2014 and 2005.

A revaluation of property was effective in 2007, 2010 and 2014.

Source: Municipal Tax Assessor

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 10,033,124	\$ 10,033,124	100.00 %	-0-
2008	10,294,694	10,294,694	100.00 %	-0-
2009	10,783,111	10,783,111	100.00 %	-0-
2010	10,937,803	10,937,803	100.00 %	-0-
2011	11,538,729	11,538,729	100.00 %	-0-
2012	11,809,217	11,809,217	100.00 %	-0-
2013	12,041,753	12,041,753	100.00 %	-0-
2014	12,268,709	12,268,709	100.00 %	-0-
2015	12,494,077	12,494,077	100.00 %	-0-
2016	12,640,913	12,640,913	100.00 %	-0-

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2007	\$ 3,083,000	\$ 64,307	\$ 3,147,307	1.03 %	\$ 723
2008	2,853,000	33,586	2,886,586	0.90 %	647
2009	2,613,000	115,314	2,728,314	0.90 %	610
2010	2,363,000	74,933	2,437,933	0.83 %	572
2011	2,093,000	50,834	2,143,834	0.70 %	500
2012	1,823,000	25,867	1,848,867	0.57 %	420
2013	1,538,000		1,538,000	0.47 %	353
2014	1,248,000		1,248,000	0.38 %	287
2015	960,000		960,000	0.29 %	221
2016	760,000		760,000	0.21 %	174

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 3,083,000	\$ -0-	\$ 3,083,000	0.59 %	\$ 708
2008	2,853,000	-0-	2,853,000	0.25 %	639
2009	2,613,000	-0-	2,613,000	0.23 %	585
2010	2,363,000	-0-	2,363,000	0.21 %	554
2011	2,093,000	-0-	2,093,000	0.22 %	488
2012	1,823,000	-0-	1,823,000	0.19 %	414
2013	1,538,000	-0-	1,538,000	0.16 %	353
2014	1,248,000	-0-	1,248,000	0.13 %	287
2015	960,000	-0-	960,000	0.11 %	221
2016	760,000	-0-	760,000	0.09 %	174

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

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Boonton Township	\$ 2,406,015	100.00 %	\$ 2,406,015
Morris County General Obligation Debt	226,745,316	1.04 %	<u>2,352,231</u>
Subtotal, Overlapping Debt			4,758,246
Boonton Township School District Direct Debt			<u>960,000</u>
Total Direct and Overlapping Debt			<u>\$ 5,718,246</u>

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

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

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

Exhibit J-13

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

Legal Debt Margin Calculation for Fiscal Year 2016

<u>Equalized Valuation Basis</u>	
2015	\$ 915,835,359
2014	920,560,685
2013	923,941,647
	<u>\$ 2,760,337,691</u>
Average Equalized Valuation of Taxable Property	\$ 920,112,564
Debt Limit ^a (3% of Average Equalization Value)	27,603,377
Net Bonded School Debt as of June 30, 2016	760,000
Legal Debt Margin	<u>\$ 26,843,377</u>

	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 29,844,395	\$ 29,850,070	\$ 28,566,544	\$ 27,931,425	\$ 27,603,377
Total Net Debt Applicable to Limit	<u>1,823,000</u>	<u>1,538,000</u>	<u>1,248,000</u>	<u>960,000</u>	<u>760,000</u>
Legal Debt Margin	<u>\$ 29,751,363</u>	<u>\$ 30,323,142</u>	<u>\$ 27,318,544</u>	<u>\$ 26,971,425</u>	<u>\$ 26,843,377</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.11 %	5.15 %	4.37 %	3.44 %	2.75 %

	<u>Fiscal Year</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 27,808,447	\$ 30,603,786	\$ 32,686,142	\$ 32,686,142	\$ 31,066,070
Total Net Debt Applicable to Limit	<u>3,083,000</u>	<u>2,853,000</u>	<u>2,363,000</u>	<u>2,363,000</u>	<u>2,093,000</u>
Legal Debt Margin	<u>\$ 24,725,447</u>	<u>\$ 27,750,786</u>	<u>\$ 30,323,142</u>	<u>\$ 30,323,142</u>	<u>\$ 27,750,786</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.09 %	9.32 %	7.23 %	7.23 %	6.74 %

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

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

Exhibit J-14

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

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Morris County Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2007	4,356	\$ 304,484,400	\$ 69,900	3.30 %
2008	4,463	321,291,370	71,990	4.40 %
2009	4,469	301,854,136	67,544	7.50 %
2010	4,265	293,112,125	68,725	7.60 %
2011	4,286	308,304,838	71,933	7.40%
2012	4,400	325,850,800	74,057	7.70%
2013	4,355	326,860,170	75,054	5.20%
2014	4,353	326,710,062	75,054	5.20%
2015	4,353	360,471,930	82,810	5.20%
2016	4,353 **	360,471,930 ***	82,810 *	4.50%

* - Latest Morris County per capita personal income available (2014) was used for calculation purposes.

** - Latest population data available (2015) was used for calculation purposes.

*** - Latest available population data (2015) and latest available Morris County per capita personal income (2014) was used for calculation purposes.

Source:

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

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

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

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

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

<u>Employer</u>	<u>2015</u>		<u>Employer</u>	<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>		<u>Employees</u>	<u>Percentage of Total Employment</u>
U.S. Army Armament R&D	6,090	2.27%	Atlantic Health Systems	5,900	N/A
Atlantic Health System	4,844	1.96%	Novartis Corporation	5,000	N/A
Novartis	4,749	1.74%	U.S. Army Armament Research and De	3,412	N/A
Bayer	2,665	0.80%	Lucent Technologies	2,300	N/A
St. Clare's Health Services	1,756	0.74%	St. Clare's Health Services	2,250	N/A
County of Morris	1,667	0.65%	County of Morris	2,228	N/A
Accenture	1,621	0.64%	United Parcel Service	2,131	N/A
Wyndham Worldwide	1,546	0.64%	Automated Data Processing	1,986	N/A
BASF Corporation	1,500	0.58%	AT&T	1,500	N/A
Greystone Psychiatric	1,244	0.58%	Greystone Psychiatric Center	1,300	N/A
Total	27,682	10.60%	Total	28,007	N/A

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

Note - Information is for Morris County

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

<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	48.00	48.00	48.00	48.00	47.00	47.00	49.00	53.00	52.12	54.00
Support Services:										
Student and Instruction Related Services	10.50	10.50	10.00	10.00	9.00	7.60	7.60	7.60	8.60	8.60
School Administrative Services	2.00	2.00	2.50	2.50	2.50	2.70	2.70	2.70	2.70	2.70
General Administrative Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Plant Operations and Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Pupil Transportation					2.30	2.30	2.30	2.30	2.30	2.30
Business and Other Support Services	2.00	2.00	2.00	2.00	2.20	2.20	2.20	2.20	2.20	2.20
Total	<u>69.50</u>	<u>69.50</u>	<u>69.50</u>	<u>69.50</u>	<u>70.00</u>	<u>68.80</u>	<u>70.80</u>	<u>74.80</u>	<u>74.92</u>	<u>76.80</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Elementary		% Change in Average Daily Enrollment	Student Attendance Percentage	
						Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^e			Average Daily Attendance (ADA) ^e
2007	792	\$ 11,194,876.00	\$ 14,134.94	2.68 %	52	1:10.09	524	507	0.58 %	96.76 %
2008	799	11,784,666	14,749	4.35 %	52	1:1.10	525	504	0.19 %	96.00 %
2009	786	11,973,482	15,233	3.28 %	52	1:9.92	516	496	-1.71 %	96.12 %
2010	809	12,253,982	15,147	-0.57 %	52	1:10.23	532	511	3.10 %	96.05 %
2011	802	12,067,349	15,047	-0.66 %	52	1:9.87	513	494	-3.57 %	96.30 %
2012	753	12,369,482	16,427	9.17 %	50	1:9.87	490	473	-4.48 %	96.53 %
2013	744	13,317,779	17,900	8.97 %	49	1:9.84	482	465	-1.63 %	96.47 %
2014	728	13,338,380	18,322	2.36 %	50	1:9.50	475	461	-1.45 %	97.06 %
2015	713	13,627,625	19,126	4.39 %	49	1:9.50	454	439	-4.52 %	97.06 %
2016	724	14,094,894	19,468	1.79 %	51	1:9.50	451	437	-0.56 %	97.05 %

^a Enrollment includes grades 9-12 students attending Mountain Lakes High School and Out of District S/E placements.

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

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

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

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

Note: Enrollment based on annual October district count.

Source: Boonton Township School District records

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<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>
<u>District Building</u>										
Rockaway Valley School										
Square Feet	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320
Capacity (Students)	537	537	537	537	537	537	537	537	537	537
Enrollment	524	525	516	532	513	490	482	475	451	451

Number of Schools at June 30, 2016

 Elementary = 1

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

Source: Boonton Township School District Facilities Office

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

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

<u>School Facility</u>	<u>Project #</u>	<u>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>
Rockaway Valley School	N/A	\$ 108,903	\$ 206,945	\$ 152,352	\$ 113,970	\$ 158,674	\$ 183,487	\$ 151,584	\$ 194,113	\$ 221,321	\$ 168,482
		<u>\$ 108,903</u>	<u>\$ 206,945</u>	<u>\$ 152,352</u>	<u>\$ 113,970</u>	<u>\$ 158,674</u>	<u>\$ 183,487</u>	<u>\$ 151,584</u>	<u>\$ 194,113</u>	<u>\$ 221,321</u>	<u>\$ 168,482</u>

N/A - Not Applicable

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

Source: Boonton Township School District records

Exhibit J-20

BOONTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	Coverage	Deductible
NJ Schools Insurance Group		
Commercial Package Policy:		
Property Section:		
Blanket Building and Contents	\$ 450,000,000	\$ 5,000
Accounts Receivable	250,000	5,000
Automobile Physical Damage	In Blanket Limit	1,000
Electronic Data Processing Equipment	100,000	1,000
Liability Section:		
Comprehensive General Liability	11,000,000	None
Automotive Liability	11,000,000	None
Employee Benefit Liability	11,000,000	1,000
Workers Compensation:		
(A) Statutory Benefits	Included	None
(B) Employers Liability	2,000,000	None
Supplemental Coverage	Included	None
School Board Legal Liability	11,000,000	5,000
Crime:		
Blanket Employee Dishonesty	25,000	500
Forgery	50,000	500
Theft/Disappearance/Destruction:		
Inside	25,000	500
Outside	25,000	500
Environmental Impairment Liability:		
Limit of Liability - Per Incident	1,000,000	25,000
Fund Annual Aggregate	11,000,000	
Surety Bond Coverage		
Business Administrator/Board Secretary	185,000	
Treasurer of School Monies	185,000	

Source: District records

SINGLE AUDIT SECTION



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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 Auditors' Report

The Honorable President and Members
of the Board of Education
Boonton Township School District
County of Morris, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Boonton, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

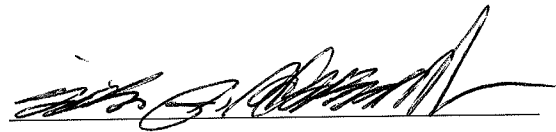
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 7, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP



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



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Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Township of Boonton's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2016. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 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 state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the 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 state programs for the fiscal year ended June 30, 2016.

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

Report on Internal Control Over Compliance

Management of the 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 District's internal control over compliance.

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

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

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

September 7, 2016
Mount Arlington, New Jersey

NISIVOCIA LLP



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

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

Federal Grantor Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) June 30, 2015	Adjustment	Cash Received	Budgetary Expenditures	Amounts Provided to Subrecipients	Balance (Accounts Receivable) June 30, 2016
U.S. Department of Education										
Passed-through State Department of Education:										
Special Revenue Fund:										
NCLB Consolidated Grant:										
Title I - Part A	84.010A	NCLB-0460-16	7/1/15-6/30/16	\$ 3,830			\$ 3,830	\$ (3,830)		
Title II - Part A	84.278A	NCLB-0460-16	7/1/15-6/30/16	9,151			5,881	(9,151)		\$ (3,270)
Title I - Part A	84.010A	NCLB-0460-15	7/1/14-6/30/15	4,343	\$ (344)		344			
Title II - Part A	84.278A	NCLB-0460-15	7/1/14-6/30/15	9,311	(194)		194			
					<u>(538)</u>		<u>10,249</u>	<u>(12,981)</u>		<u>(3,270)</u>
Special Education Cluster:										
IDEA Part B, Basic	84.027	IDEA-0460-16	7/1/15-6/30/16	116,852			89,498	(116,852)		(27,354)
IDEA Part B, Preschool	84.173	IDEA-0460-16	7/1/15-6/30/16	4,935			4,935	(4,935)		
IDEA Part B, Basic	84.027	IDEA-0460-15	7/1/14-6/30/15	116,758	(50,244)		50,244			
Total Special Education Cluster					<u>(50,244)</u>		<u>144,677</u>	<u>(121,787)</u>		<u>(27,354)</u>
Total Special Revenue Fund					<u>(50,782)</u>		<u>154,926</u>	<u>(134,768)</u>		<u>(30,624)</u>
Total U.S. Department of Education					<u>(50,782)</u>		<u>154,926</u>	<u>(134,768)</u>		<u>(30,624)</u>
Total Federal Financial Awards					<u>\$ (50,782)</u>	<u>\$ -0-</u>	<u>\$ 154,926</u>	<u>\$ (134,768)</u>	<u>\$ -0-</u>	<u>\$ (30,624)</u>

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

**BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) June 30, 2015	Cash Received	Budgetary Expenditures	Balance June 30, 2016	Memo	
							GAAP (Accounts Receivable)	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:									
General Fund:									
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	\$ 54,864	\$ (5,396)	\$ 5,396				\$ 54,864
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	54,864		46,760	\$ (54,864)		\$ (8,104)	54,864
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	384,201	(25,958)	25,958				384,201
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	384,201		327,450	(384,201)		(56,751)	384,201
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	11,478	(3,233)	3,233				11,478
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	11,478		9,783	(11,478)		(1,695)	11,478
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	7,190	(998)	998				7,190
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	7,190		6,128	(7,190)		(1,062)	7,190
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	7,190	(998)	998				7,190
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	7,190		6,128	(7,190)		(1,062)	7,190
Extraordinary Special Education Aid	15-100-034-5120-473	7/1/14-6/30/15	185,898	(185,898)	185,898				185,898
Extraordinary Special Education Aid	16-495-034-5120-044	7/1/15-6/30/16	200,110			(200,110)	\$ (200,110)	(200,110)	200,110
Nonpublic Transportation	15-495-034-5120-014	7/1/14-6/30/15	8,700	(8,700)	8,700				8,700
Nonpublic Transportation	16-495-034-5120-014	7/1/15-6/30/16	7,830			(7,830)	(7,830)	(7,830)	7,830
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	256,527	(25,598)	25,598				256,527
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	267,122		267,122	(267,122)			267,122
Total General Fund State Aid				(256,779)	920,150	(939,985)	(207,940)	(276,614)	1,856,033
State Department of Health:									
Special Revenue Fund:									
Sustainable Jersey for Schools Health & Wellness Grant	Not Available	7/1/15-6/30/16	4,000		4,000	(4,000)			4,000
Total Special Revenue Fund					4,000	(4,000)			4,000
Debt Service Fund:									
Debt Service Aid Type II	14-495-034-5120-017	7/1/15-6/30/16	56,970		56,970	(56,970)			56,970
Total Debt Service Fund					56,970	(56,970)			56,970
Total State Financial Awards				\$ (256,779)	\$ 981,120	\$ (1,000,955)	\$ (207,940)	\$ (276,614)	\$ 1,917,003

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Boonton Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules are presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$32,091) for the general fund and (\$488) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards does not include the TPAF Pension and Post-Retirement Medical Contributions paid by the state on behalf of the District of \$285,443 and \$339,883, respectively.

Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,533,220	\$ 1,533,220
Special Revenue Fund	\$ 134,280	4,000	138,280
Debt Service Fund		56,970	56,970
Total Financial Awards	<u>\$ 134,280</u>	<u>\$ 1,594,190</u>	<u>\$ 1,728,470</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Boonton Township School District had no loan balances outstanding at June 30, 2016.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Aid - Public:				
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 384,201	\$ 384,201
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	11,478	11,478
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	7,190	7,190
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	7,190	7,190

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or NJOMB 15-08.

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

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2015.